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ABSTRACT

This guide summarizes key principles drawn from successful programs for helping unemployed workers find new jobs and presents a systematic approach to help states plan and manage their worker readjustment efforts. The guide contains two major sections. The first section is an overview and summary that includes background on the dislocation problem, describes characteristics of dislocated workers, outlines a framework for state program development, and summarizes principles drawn from the best experience with worker readjustment programs. The second section provides an explanation of the state role in worker readjustment. Included are subsections on the following topics: setting up a planning and management structure, organizing local programs, accessing resources, providing technical assistance to local programs, economic monitoring and analysis, client eligibility criteria, reporting requirements and performance standards, business and labor involvement, state legislative and regulatory actions, and economic revitalization for long-term recovery. Appendixes to the guide contain information on the Title III Dislocated Worker Program of the Job Training Partnership Act and on data sources regarding plant closures, major layoffs, and labor market conditions. (KC)

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PLANNING FOR WORKER RE-ADJUSTMENT:

A TECHNICAL ASSISTANCE GUIDE FOR STATES

National Alliance of Business

Washington D.C.

September, 1983

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Copies of this guide may be obtained by writing or calling the NAB Clearinghouse, 1015 15th St. N.W. Washington. D.C. 20005

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Table of Contents

Preface	v
Introduction	1
Overview and Summary	3
Background	3
Characteristics of Dislocated Workers	4
Context for State Action	5
Framework for Program Design	7
Best Experience	8
The State Role	13
Statewide Planning and Management System	14
Organizing Sub-State Programs and Allocating Resources	16
Accessing Resources for Local Programs	20
Providing Technical Assistance	23
Economic Monitoring and Analysis	28
Client Eligibility Criteria	30
Reporting Requirements and Performance Standards	32
Involving Business and Labor	35
Legislative and Regulatory Actions	39
Toward Long Term Recovery	43
Appendix A	
Explanation and Analysis of the JTPA Title III Dislocated Worker Program	51
Appendix B	
Sources of Plant Closing and Labor Market Data	70

PREFACE

Economic recession, rapid technological change and foreign competition have contributed to the massive economic dislocation of the past several years, with the result that millions of experienced production workers are now unemployed. The importance of assisting these workers and facilitating economic adjustment does not require lengthy justification. Plant closings and major layoffs take a heavy toll on workers, their families, and the community at large. Nor is the problem behind us. Even as unemployment rates subside the number of those unemployed for extended periods continues to remain high.

In response to this crisis the National Alliance of Business has put together a package of educational and technical services designed to help state and local governments, business employers, unions, Private Industry Councils, and other community interests with their worker assistance efforts. NAB products and services include NAB assistance to states on the development of Title III plans, on-site technical assistance to employers, program bulletins, state training seminars, and the publication of this document, Planning for Worker Re-Adjustment: A Technical Assistance Guide for States.

The National Alliance of Business will continue to provide technical assistance to business leaders and practitioners who seek additional information on this critical subject. For further information, contact the NAB Training Department at 1015 15th St. N.W. Washington D.C. 20005; phone (202) 289-2900.

INTRODUCTION

Governors have been placed on center stage in the field of worker re-adjustment by the new Dislocated Worker program, Title III of the Job Training Partnership Act. The broad flexibility of the Title III program allows Governors to take full advantage of the valuable experience gained in this country and abroad on how to transition unemployed workers to new jobs. This NAB Guidebook summarizes key principles drawn from successful programs and lays out a systematic approach to help states plan and manage their worker re-adjustment efforts.

The Guide contains two major sections:

- an overview and summary which includes background on the dislocation problem, describes characteristics of dislocated workers, outlines a framework for state program development, and summarizes principles drawn from the best experience with worker re-adjustment programs;

- an explanation of the state role in worker re-adjustment which includes sub-sections on the following topics:

  Setting up a planning and management structure.

  Organizing sub-state programs.

  Accessing resources.

  Providing technical assistance to local programs.

  Economic monitoring and analysis.

  Client eligibility criteria.

  Reporting requirements and performance standards.

  Involving business and labor.

  State legislative and regulatory actions.

  Economic revitalization for long-term recovery.

Also included are appendices which provide information on Title III law and regulations, and on data sources regarding plant closures, major layoffs, and labor market conditions.

For further assistance in developing a worker re-adjustment effort, the National Alliance of Business has available staff and additional technical assistance materials. These include:

- Planning assistance to state agencies developing Title III programs.
- Technical staff assistance to states, companies, Private Industry Councils and localities on developing worker assistance programs.
- Training seminars on planning worker assistance programs.
- Bulletins presenting case studies of successful dislocated worker programs.
- Access to NAB's computerized data base on employment and training programs. Upon request, NAB's Clearinghouse staff can research the database for topics relating to worker re-adjustment.

For more information, contact the Training Department of the National Alliance of Business, 1015 15th Street, N.W., Washington, D.C. 20005, (202) 289-2900.

OVERVIEW AND SUMMARY

BACKGROUND

The problem of worker dislocation is a familiar one. Monthly unemployment statistics and extensive media coverage have highlighted the plight of unemployed steel and auto workers, for example, and the impact that long-term unemployment has on their families. Few may appreciate, however, just how recent and severe this problem is. Isolated examples of worker dislocation led to numerous federal programs in the 1970's such as the Trade Adjustment Act. But a quick examination of unemployment figures suggests that large-scale worker displacement has occurred mostly during the 1980's. In late 1979, for instance, there were slightly over 2 million unemployed blue collar workers and about 3 million unemployed adults (over age 25). By October of 1982, there were over 5½ million unemployed blue collar workers and 7 million unemployed adults. These are astonishing figures, even considering that many of these unemployed are not "dislocated workers." By contrast, the number of unemployed teenagers remained constant at 1.6 million over the same period.

What these numbers suggest is that a serious problem of long-term unemployment among experienced blue-collar workers is a reality, not a myth. This conclusion is vindicated by a greater than four-fold increase in the number of long-term unemployed (over 6 months) during those two years.

Nor does the problem promise to go away quickly. Even while unemployment rates subside, the number of long-term unemployed continues to remain high. Regardless of economic recovery, many dislocated workers are poorly prepared to re-enter a labor market which is more competitive and structured quite differently than the labor market of only a few years ago. The dislocated worker, for example, typically possesses manual skills suited to old-line production methods in basic industries. But production methods are changing quickly. Employment in basic industries such as steel, auto and apparel manufacture is falling off. Manual production is being exported to third world nations where labor costs are low. Moreover, jobs paying wages comparable to what many dislocated workers had earned now may require a broad base of language and computational skills that most blue collar workers do not possess.

The underlying point is that we now face a serious structural unemployment problem among experienced workers that will continue to require extensive public and private re-adjustment efforts.

CHARACTERISTICS OF DISLOCATED WORKERS

Though there is no single definition, generally, "dislocated" workers are considered to be those who become unemployed due to displacement from a declining industry or occupation, and who face minimal prospects for re-employment in that industry or occupation. Studies have shown that unemployed workers in this category have characteristics that distinguish them from the general unemployed population. They tend to: be older; have less education; be less geographically mobile; be more often male; be accustomed to relatively higher wages and therefore likely to experience significant earnings losses; be homeowners and contributing members of the community; be concentrated in high unemployment areas; and be more likely to experience psychological and health problems upon job loss. Frequently, these characteristics are interrelated and the dislocated worker faces multiple barriers to re-employment.

A study for the National Alliance of Business[1] found that dislocated workers and other unemployed individuals have different needs:

- Dislocated workers, more than other unemployed workers, need to be convinced their jobs are over and that they must look anew;
- They do not need job readiness instruction or an opportunity to develop a track record in the labor force;
- They are more likely than other workers to need job search assistance and information, as their skills in job search are rusty;
- They may need retraining or assistance in relocating, or a knowledge of such opportunities;
- They may need income assistance; however, evidence indicates that such assistance delays re-employment;
- They may need psychological support to deal with the stresses of their unfamiliar situation;
- They need information with respect to the resources in their communities which can facilitate their readjustment until reabsorption into the labor force. In general, dislocated workers are unfamiliar with the "safety net" of services available in their community.

Programs to assist dislocated workers must take into consideration these special needs and characteristics.

[1] Worker Adjustment to Plant Shutdowns and Mass Layoffs: An Analysis of Program Experience and Policy Options, by Michael Barth and Fritzie Reisner, August 1981.

CONTEXT FOR STATE ACTION

With the passage of the Title III Dislocated Worker Program attention is now focused on what states will do to assist dislocated workers. Focusing exclusively on structural unemployment among dislocated workers, however, takes too narrow a view of the current labor market; for it is no coincidence that we also now face a structural employment problem, so to speak, meaning that the skills of our nation's work force may be mismatched to the demands of a competitive world market characterized by accelerated technological change.

In this view, the worker dislocation problem is only the visible tip of a larger iceberg. If this is true, it is important that dislocated worker programs be conceived within the framework of a broader economic re-adjustment strategy. Put another way, implementing a successful dislocated worker program will require many of the same actions which are needed to improve the functioning of the labor market in general. These include:

- Improving the basic language and computational skills of the workforce.
- Improving the job search skills of unemployed individuals.
- Involving industry and labor in the development of education and training curricula, especially in vocational training.
- Developing public/private customized training programs aimed at specific job opportunities.
- Increasing opportunities for adult training and retraining throughout the course of one's career.
- Increasing the "technical literacy" of individuals, e.g. computer and related skills
- Linking education and training with economic development efforts.
- Expanding economic development programs and helping communities adjust to economic dislocation.
- Adapting public and private labor exchange systems during a period when occupational classifications and skill requirements are rapidly changing.
- Making the Unemployment Insurance system work in tandem with efforts to retrain and re-employ workers.
- Improving methods for monitoring and predicting industrial growth and decline and associated employment impacts.

- o Assisting individuals to relocate, when necessary.

- o Reducing the strong employment disincentives built into the welfare and income security systems.

The way is being paved for such a broad-ranging response to labor market problems by changes in our nation's education system, in the Employment Service, in training programs for the disadvantaged, in federal funding for the dislocated workers, in the area of public/private partnerships, and in the welfare system.

But while grand concepts of reform are appealing, it is necessary and often difficult to find a starting place. To induce change in established ways, a strong political mandate, resources, know-how and the possibility of tangible results are often required. These circumstances, in fact, exist in many places experiencing severe economic dislocation. The dislocated worker problem is now a high priority at the federal, state, and local levels. Other factors create major opportunities for change and for program success. These include:

No entrenched system.

There is no nationwide bureaucracy or system which has been in the business of operating comprehensive dislocated worker programs. In other words, there are no revered traditions to be broken in this area.

Coordination made easy.

The dislocated worker problem is such that employment, education, economic development, and social service activities are quite naturally a part of the overall effort. This is an issue around which some genuine cooperation can take place without needing extensive justification up-front.

Strong public/private interest.

The plight of dislocated workers is more than just a political priority — organized labor and business management are also directly involved and deeply concerned about this issue. Private sector participation is not difficult to secure.

Money with few strings attached.

The new JTPA Title III Dislocated Worker Program provides states with $350 million over a period of less than two years. Few federal mandates are attached to this money so there is ample room for diversity and experimentation.

Tangible, short term results.

Dislocated worker programs in Canada, California, Detroit and elsewhere have shown that clear and remarkably positive results can be achieved in less than a year.

Community Support.

Experience suggests that communities facing economic dislocation are often willing to pull together the full range of public, private, and volunteer support to help make an adjustment program work.

Another key advantage is the opportunity for state leadership. Unfortunately, it has become a reflex reaction to turn to the federal government for answers to our most complex social and economic problems. However, it is state governments that are in the best position to assume a leadership role in economic re-adjustment because only states have at their disposal the broad range of tools necessary for an effective response. These include public and vocational education, labor exchange, welfare, social services, training, economic development, unemployment insurance, and labor market information programs. No other level of government plays a major role in such a wide range of activities.

The governor's office, in particular, can play a key role in pulling together these disparate systems into a coherent program of assistance. The JTPA helps not only by providing Title III funding, but also by 1) highlighting the issue of state level coordination via the formation of the State Job Training Coordinating Council, and 2) providing a mandate to articulate annual state goals and objectives for employment and training and labor exchange, and a bi-annual state coordination and special services plan.

In sum, the state dislocated worker program can assist not only dislocated workers, but can serve as a tangible starting point for adapting employment, education and economic development systems to market needs in a rapidly changing economy.

FRAMEWORK FOR PROGRAM DESIGN

Assistance for dislocated workers is most effective when intervention can take place before a plant actually closes or major layoffs occur. Many states, however, have experienced so much dislocation during the past several years that early intervention is not the first issue at hand. Strategies must be developed for dealing with the already large number of long-term unemployed. So a dislocated worker program must address different elements of the problem. These are: 1) assistance to existing dislocated workers; 2) early intervention and assistance for workers about to lose their jobs; and 3) community re-adjustment and revitalization.

The latter phase, community revitalization, may not seem to be a dislocated worker program per se, but it reflects a natural progression of assistance required after severe economic dislocation occurs. Local retailers, for example, may, in the long run, be as hard hit as the unemployed workers themselves when the bottom falls out of a local ecomony.

This Technical Assistance Guide outlines a framework for action relating to all three elements of adjustment but the principal emphasis is placed on the first two elements -- those involving direct assistance to the dislocated worker. The guide will also highlight some of the major approaches to organizing a dislocated worker program. Briefly stated, there are three fundamental approaches:

The Employer or Union Based Approach in which the affected firm and/or labor organization spearheads a worker adjustment committee and plays a primary role in the early planning phases and later, in the operation of a plant-site reemployment center.

The Community Based Approach in which either public or private leadership spearheads an effort to assist dislocated workers in a severely impacted community. Private Industry Councils, for example, could play a key role in organizing a program in Service Delivery Areas (SDA's) experiencing economic dislocation. A variation on the community-based approach is for states to set-up regional assistance centers for a specified period of time to serve as a focal point for coordinating all programs in a high unemployment area.

The Agency Approach in which the job service or some other agency provides special re-employment services to individuals which qualify as dislocated workers without reference to a specific plant closing or the individual's residence in an impacted community.

Primary emphasis in this guide is placed on the first two approaches because experience indicates that mobilizing a broad-based community response and achieving "economies of scale" in operation can best be accomplished by focusing on a visible unemployment crisis. The third approach (agency-centered) might be viewed as a back-up system to assist those individuals who would otherwise "fall through the cracks." It might also be appropriate where the dislocated worker problem is not severe.

BEST EXPERIENCE

The approaches emphasized in this manual are based on research and direct experience with some of the most effective dislocated worker programs operated thus far in California, Canada, Detroit, Illinois, Iowa and elsewhere. Common principles extracted from this experience which can make a difference in program success are highlighted throughout and summarized below:

Elements Common to Overall Approach

Early Intervention: As mentioned above, experience suggests that intervention some months before a plant closure or major layoff occurs can make a major difference in smoothing the adjustment for workers and ensuring program success. Workers have a chance to psychologically adjust before they are out on their own; the transition to a new job can often be made before termination occurs, thus avoiding the income losses and the loss of self respect which accompanies long-term unemployment. Management and labor can play a much more active and supportive role while workers are still at the plant and while the plant itself is still in operation.

Non-Bureacratic Team Approach: Because so many interests should be involved in a good program, a crisis-team management approach is preferable to pure administration by a designated government agency. Most successful programs have been organized quickly by an ad hoc team of concerned government, business, labor and community representatives.

Involvement of Affected Firms and Unions: Experience shows that the direct involvement of affected companies and unions can be extremely effective in promoting worker re-adjustment. Unions, for example, have a built-in organizational capacity and the trust of workers. Management, on the other hand, has networks of suppliers, customers, competitors, and corporate affiliates which are often extremely valuable in finding jobs for the terminated workers.

Planning Alternative Approaches/Services: There is no single approach to helping dislocated workers. Retraining, for example, may be required for many, but in some programs retraining was necessary for less than 25% of the laid off workers. A combination of job search assistance, counseling, retraining in basic skills, vocational and high-tech retraining, relocation, job development and other services may be required.

Elements Common to Program Structure

Worker Assistance Center: A focal point for implementation of worker assistance is necessary. The worker assistance center is a unit which is accepted by workers as "their" place; and which operates over a finite period of time -- preferably before, during, and after the layoffs, but for no more than a year.

Worker Adjustment Committee: To mobilize management, labor, education, employment, training, social services, community volunteer efforts and other elements of a successful program, a local worker adjustment committee representing these various interests is often an effective vehicle for planning and overseeing an adjustment program.

State Technical Assistance Team: Local programs in California and Canada have been organized with the help of a government-funded technical assistance team consisting of individuals knowledgeable in the various elements of planning, managing, and implementing such programs.

Elements Common to Program Services

Planning Information: Several surveys can help to design a program which will satisfy employer and worker requirements: (1) an employee survey to provide planners with information about employee plans and needs; (2) a labor market survey to indicate the industries, employers, or occupations targeted for job development and retraining; and (3) an assessment of local education institutions' capabilities to retrain and/or develop the classes necessary for retraining.

Intake, Assessment and Referral: A key to any successful program is matching each individual to appropriate training, placement and job opportunities. Nothing is more wasteful or discouraging than inappropriate training or a poor job match. Substantial resources should be devoted to assessing each individual and tailoring an individual re-employment plan suited to his or her skills and abilities. Provisions should also be made for emergency referrals to social service and health agencies.

Personal and Financial Counseling: Frequently the most difficult problem encountered in attempting to prepare a dislocated worker for re-employment is the attitudinal adjustment which must take place. Workers frequently do not believe that their old job will not come back; few are prepared for the drop in wages they may have to accept in order to find a new job; many experience problems with their marriages, their health, and their personal financial affairs. Those owning homes may face foreclosure. Workers desiring to relocate may find it impossible to sell their home in a depressed market; other workers may refuse to relocate under any circumstances. Frequently, these types of problems must be dealt with before a positive re-adjustment can take place.

Career Counseling: Dislocated workers usually need guidance on how to match their experience and skills to the needs of the marketplace. Once each worker has undergone the intake and assessment process, he or she should receive individual counseling regarding assessment results. An individual prescription for job search, remediation, retraining, and possibly even relocation should then be discussed with the worker.

Job Search Clubs and Workshops: A skilled, motivated unemployed individual is still the best job search and placement agent in the business. Job search clubs and workshops take

advantage of this fact by providing guidance and support to the individual's job search effort. Assistance generally includes: 1) small group instruction in resume' preparation, interviewing techniques, identification of job opportunities, self diagnosis of individual skills and attributes relevant to employment, etc., and 2) a resource center containing supplies, materials, information sources and secretarial back-up to facilitate the individual job search effort.

Job Development: An aggressive program of employer outreach to identify job openings should supplement job placement services. Professional job developers frequently have extensive employer contacts throughout the community. Private Industry Councils, local economic development agencies and local business organizations such as the chamber may also have excellent employer contacts for this purpose. Note that the company and unions involved in a dislocation frequently have been instrumental in identifying job opportunities. Companies, in particular, have extensive contacts with suppliers, customers, competitors and corporate affiliates.

Occupational Retraining: Many dislocated workers need retraining before they can find suitable employment. A worker assistance center should coordinate customized occupational retraining programs for those who are interested and qualified. Short term vocational education classes leading directly to employment should be emphasized. Note that the skills of many dislocated workers, though obsolete, can easily be adapted to newer applications. It may be possible, therefore, to design a training curriculum which adapts the skills of workers from a particular occupation or industry to match the skill requirements of available or forthcoming job openings. Retraining programs should be closely linked with job development efforts so curricula can be geared to identified job opportunities. A worker assistance center can organize retraining programs in several ways: 1) the center can hire its own instructors and run courses; 2) the center can make individual referrals to area education and training institutions, and 3) the center can contract with area training institutions for special courses suited to the needs of groups of dislocated workers. Private Industry Councils will often be a rich source of information regarding area training opportunities.

Remedial Education: Many jobs require more educational credentials or skills than some dislocated workers possess. Basic education competencies may also be required for enrollment in occupational retraining courses. Remedial education courses, especially G.E.D. equivalency courses, can fill this need. Courses can be arranged at the worker assistance center or via referral to local secondary and post-secondary institutions.

Social Services Orientation and Referrals: Because dislocated workers are not likely to find new jobs immediately and because they tend to experience a high incidence of financial, marital, health and related problems, it is useful to sponsor short-term informational workshops. These provide a forum for social service agencies and community volunteer groups to describe available services for the workers and their families. A worker assistance center should also include an ongoing capacity for making referrals to area service agencies.

THE STATE ROLE

Each state faces a unique dislocated worker problem, some devastating, some relatively minor, some widespread, some isolated in rural, one industry -- now, no industry -- towns. A specific blueprint for a dislocated worker program, therefore, cannot apply to every state. For this reason, the following attempts no comprehensive blueprint, but instead, outlines those elements of a program which need to be considered to ensure that all of the bases have been covered during the planning phase.

While most program implementation ultimately takes place locally, states can play a number of key roles in dislocated worker programs including:

- o Setting up a statewide planning and management system.
- o Providing and allocating JTPA and other resources to local programs.
- o Defining Title III client eligibility requirements, state coordinating criteria and other elements required by the Job Training Partnership Act (JTPA).
- o Providing technical assistance to local programs.
- o Overseeing local programs, including the establishment of Management Information Systems requirements and performance goals.
- o Setting up economic monitoring and early warning systems to anticipate dislocation.
- o Linking the Unemployment Insurance system to dislocated workers programs.
- o Encouraging the direct involvement of business and labor in economic adjustment programs.
- o Instituting legislative and budget changes required for program funding and operation.
- o Planning for long-term economic recovery.

Each of these is outlined below in light of available options and the most successful program experience to date.

STATEWIDE PLANNING AND MANAGEMENT SYSTEM--GETTING STARTED

The first step in carrying out a worker adjustment program is setting up a vehicle for overall planning and management. While each state's initial actions will vary, depending on how much of the "machinery" is already in place and how severe the problems are, in all cases the Governor should signal the importance of organizing a coherent state response to worker dislocation. Without the chief executive's support and direction, it will be difficult, if not impossible, to bring together the necessary resources and personnel.

A logical first step is for the Governor to appoint an entity to survey needs, make recommendations for state action and oversee the implementation of the state program. Preferably such an entity should be a public/private body including membership from business, labor, local Private Industry Councils and state agencies that are likely to be involved in the program such as the Job Service, the department of commerce or industry, the Unemployment Insurance agency, the education department (include vocational education agencies), the department of community affairs and health and welfare agencies. In fact, the State Job Training Coordinating Council (SJTCC), established under JTPA, is an excellent starting point for this purpose. Because the SJTCC will be busy overseeing a wide range of activities, it will frequently make sense for the SJTCC to appoint a sub-committee or task force to serve as the focal point for day-to-day planning of the dislocated worker program. In most cases, planning should <u>not</u> be the sole responsibility of a single designated state agency because of the interdisciplinary nature of the problem.

The following is a checklist of authorities and responsibilities which should be considered when defining the role of the state planning "team."

- Develop an ongoing system to provide information on the current and future status of the business sector and on current and projected layoffs.

- Develop a program of technical assistance to localities experiencing economic dislocation. This should include: 1) the development of local worker assistance models which can be replicated elsewhere in the state; and 2) the development of an on-site technical assistance program for use at the local level.

- Develop policy guidelines for state and local dislocated workers programs. Important elements include resource allocation criteria; client eligibility criteria for JTPA Title III and, where applicable, other state programs; performance standards and reporting systems which apply to local programs; recommended or required worker assistance models

at the local level; and procedures for coordinating worker assistance programs with the administration of the Unemployment Insurance work test.

- Promote coordination of employment, education, economic development and social service efforts. The task force should play an active education and liaison role with other agencies and segments of the community in order to increase awareness of the issue and overcome institutional inertia which inhibits coordinated efforts.

- Oversee and make recommendations on ways to improve on state and local programs. The task force should monitor and evaluate the statewide program as it is implemented and modify as conditions change.

- Propose legislation and budget modifications which support worker assistance efforts.

- Keep abreast of related initiatives. Of particular importance are collective bargaining agreements which provide for special assistance to dislocated workers. The majority of agreements negotiated in the past few years contain some provisions relating to worker security and dislocation.

- Obtain the support of a competent staff. Task force members will not be able to do all of the researching, writing and follow-through required for the coordination of a complex statewide effort. Its effectiveness will be very much linked to the quality of the staff support which it receives. A separate staff could be detailed on an ad hoc basis from existing agencies.

ORGANIZING SUB-STATE PROGRAMS AND ALLOCATING RESOURCES

Very soon after planning has begun, key decisions must be made about 1) how sub-state programs will be organized, and 2) how resources will be allocated within the state.

Decisions should be based on an appraisal of need, keeping in mind that many states will be dealing simultaneously with several elements of the dislocation problem and that each may require, to some extent, a distinct form of program organization. The first and most urgent element in many states, for example, will be assisting workers who have been unemployed for a substantial period. Of particular concern is that many workers are now exhausting their Unemployment Insurance benefits and thus, have lost not only their livelihood but a major source of financial support. The provision of services on a community-wide or regional basis will generally be appropriate in this situation. Those who have been unemployed for several years cannot be handled easily on a plant-by-plant basis in most cases because the relationship between the worker and his former employer will have weakened. The plant, in fact, may no longer exist.

A second element of dislocated worker assistance is dealing with recent or announced plant closures and mass layoffs. Assistance can again be provided to the affected workers via a community-wide or regional structure. Where hundreds of workers, however, have been or will be laid off at a single plant, a worker assistance center located at the site and run by the affected firm and labor union is an important option. This approach maximizes the involvement of business and labor, tailors services to the needs of the affected workers and relieves some of the burden on state and local governments to provide services. A mixed approach is also possible in which a community or regional center provides ancillary services to a worker assistance center located at the affected plant.

A third element of a dislocated worker program is to anticipate future plant closings or major layoffs and take action to prevent the dislocation altogether or intervene early to set up a worker assistance program.

Finally, states may choose to organize broader-based community re-adjustment and revitalization programs for severely affected areas. These, by definition, require a community-wide level of organization and must generally involve local political leadership and economic development agencies.

Closely related to choices regarding program structure are resource allocation decisions. Two basic kinds of decisions must be made:

- o Allocations among different elements of the overall program. For example, how much of the available resources should be devoted to assisting the long-term unemployed versus setting up programs to provide early intervention for workers about to be laid off? Also, how much funding should be held in reserve in order to respond to an impending crisis on an as-needed basis?

- o Allocations among different localities or areas. What formulas or criteria are used, for example, to relate the amount of resources to need? Which plants, if any, should receive special assistance? eg. Those with over 250 layoffs or 500 layoffs or some other number?

  Both types of decisions should be based, to the extent possible, on a quantification of the state's dislocated worker problem. Information on plant closings, major layoffs, number of U.I. claimants and exhaustees and local unemployment rates should be gathered on a continuing basis. Broad distribution of the information to a wide range of state and local agencies, business groups, labor organizations and Private Industry Councils is recommended in order to inform interested parties about the magnitude and nature of the problem. The data provide a useful starting point for an intelligent understanding and discussion of the problem. Keep in mind, however, that existing data may be quite unreliable and incomplete. A priority for many states may be to improve data collection methods on issues relating to business and employment activity.

Once basic policies regarding program structure and resource allocation are in place, states must make several key decisions about resource allocation procedures. Probably the most fundamental decision is whether to allocate funds by formula or by competitive bidding procedures, or by some combination of these. A combination approach could involve "ball-park" allocations to sub-state regions followed by competitive bids for each sub-state "pot" of money. There are some advantages to using formula allocations. Formulas protect the governor from political pressure for allocations; they also protect localities from state politics in resource allocations. In addition, formulas provide localities with greater certainty of funding levels for planning purposes. However, there are also some very important disadvantages to using formula allocations which include:

- o If all funds are allocated by formula, the state will be unable to respond to a major crisis that occurs during the

program year. This disadvantage is so serious that states allocating funds by formula should consider setting aside reserve funds for emergencies.

- o Formulas must generally rely on oversimplistic statistical measures which may not accurately reflect need regarding this highly specialized client group.

- o Formula funding tends to require the selection of a fiscal agent up front, e.g., SDAs, PICs or Employment Service offices. This rigidity in operating a statewide program may be undesirable. (The "combination" formula/bidding approach referred to above would mitigate this problem.)

- o Formula funding decisions must be made up-front when information is incomplete. States lose the flexibility of making decisions as the program develops and as more information is available.

The advantages and disadvantages of competitive bidding procedures are more or less the converse of those listed above for formula funding. A competitive bidding process will require states to define clear criteria for grant selection.

A second decision states face about funding procedures regards the selection of local fiscal agents. This is an extremely important decision because it will determine, to a great extent, who runs local programs. States will probably want to exercise some discretion here, but flexibility may be required in order to maximize private sector participation in the program. A highly flexible approach would be to issue a Request for Proposal (RFP) and accept local proposals from eligible entities. In this way, the state controls the situation by funding the more desirable proposals and negotiating terms before awarding contracts. To promote consistency and effectiveness, state RFPs should contain basic requirements regarding: 1) public, private and community involvement in each program; and 2) availability of a wide range of services for dislocated workers being served. The opposite approach would be to designate the local grant recipients ahead of time. These could be JTPA Service Delivery Area administrators, Private Industry Councils, regional planning agencies, Job Service offices or regional dislocated worker service centers set up by the state. This approach establishes an immediate point of contact at the sub-state level for planning and management purposes and provides a uniform system of program administration. However, important disadvantages associated with designating the grant recipient up-front include:

- o Up-front designation leaves the state with less room for experimenting with different models and approaches to

worker assistance. Since experience in this field is limited, experimentation and follow-up assessment of alternative approaches could be extremely valuable in shaping future programs.

- o Some grant recipients are likely to be located in areas where the dislocation problem is not serious. The overhead costs of setting up a separate program in each area may not be justified by the need.

- o Many potentially effective agents including business firms and labor unions are excluded from grant recipient status. These entities could be sub-contractors, however, if the program allows for that arrangement.

- o Capacity to administer a dislocated worker program may vary greatly from one area to another. Not all PICs or Job Service Offices or SDA administrators are equal. If a presumptive status is given to any of these institutions, the state must, at least for a time, take the bad with the good.

- o Decisions must be made before complete information is available on interested and capable entities.

ACCESSING RESOURCES FOR LOCAL PROGRAMS

Title III Formula Grants

The most easily identifiable resources available to states for dislocated worker programs are the JTPA Title III formula grants. Because the Title III funds have so few strings attached, governors can make resource allocation decisions (as discussed in the previous Chapter) without being constrained by federal regulation. Title III does not specify any presumptive service delivers nor does it specify any specific methods for allocating funds at the sub-state level.

Chart I outlines state Title III formula allocations and match requirements for Fiscal Year 1983. Roughly twice as much money, with a considerably heavier match requirement, can be expected for Fiscal Year 1984.

Title III Matching Funds

Another early resource decision required of the governor will be to define Title III matching requirements. The Title III program rules (Regulations, Section 629.40) instruct the Governor to "define and assure the provision of adequate resources to meet the matching requirements..." The U.S. Department of Labor has indicated in writing that governors will have very broad discretion in defining what is a legitimate source of matching funds.

The DOL memo specifically mentions that employer contributions to on-the-job-training programs are eligible if the governor so decides. The same applies to public or private "in-kind" contributions. So the match does not have to be a literal cash match. The only explicit statutory instructions on the nature of matching funds are found in Section 304 of the JTPA, which allows the use of: (a) costs of employment and training services provided by state or local institutions (such as vocational education), private, non-private organizations or private-for-profit employers; and (b) Unemployment Insurance (U.I.) payments to individuals participating in Title III training programs (for up to 50 percent of the matching requirement). The latter provision is intended to encourage states to provide Title III assistance to U.I. recipients.

States can creatively use the matching requirements to leverage additional resources — particularly to support activities that cannot be funded under JTPA. Some suggestions:

- Define matching requirements to include economic development programs and resources from public or private sources (e.g., business retention services, such as assistance in

organizing a worker buyout to keep a plant open).

- o Define matching requirements to include private sector cash and in-kind contributions to dislocated worker programs (e.g., financial counseling provided by banks or other firms).

- o Define matching requirements to include social service programs and resources where such services are needed to stabilize an area.

- o Define matching requirements to company and union in-kind and cash contributions to worker assistance programs.

- o Define matching requirements to include state and local contributions to training costs.

Title III Discretionary Grants

In addition to the Title III formula money automatically distributed to states, the Sectetary of Labor reserves 25% for federal discretionary grants. All federal grants must be applied for by the governor, so states should immediately set up mechanisms for local interests to apply to the state, not the federal government, for such funds. Requirements for receiving such grants are outlined in Appendix A. Note that the Department of Labor requires an explanation of why proposals cannot be funded out of existing federal and state programs, including Title III formula funds.

Brokering Other Resources

The state should be prepared to assist local groups to obtain JTPA funds as well as other resources. This may involve 1) direct technical assistance to local entities with federal and state grant applications, 2) working with different state agencies to obtain their assistance in targeting resources to affected communities, and 3) assisting to identify administrative, regulatory or statutory changes that would make better use of existing state resources. Some possible examples in the latter category include: working with the State Department of Education to adjust courses in state-supported institutions to meet the needs of displaced workers; working with Unemployment Insurance system officials to ensure that U.I. eligibility rules adequately accommodate the needs of workers for retraining and the needs of employers with jobs in demand occupations; working with the Department of Commerce or Industry to provide assistance to help retain firms and to assist companies that have expansion potential.

Other examples of resources the state team can help localities to obtain include:

- o Mass U.I. claims taking -- in major layoff situations, the local U.I. office could send staff on-site to the plant to take

initial claims. This not only helps workers but reduces congestion and confusion at the local office.

- o Worker testing -- assessment of the capabilities, occupational potential and potential need for retraining will be greatly enhanced if skill and aptitude tests can be given to workers. State Employment Service (SES) testing staff and local educational institutions should be prepared to assist in administering basic education, aptitude and occupational skills tests.

- o Private sector resources -- statewide business and employer organizations can provide direct assistance and can identify local firms or business organizations that are able to help. It is up to state staff to identify the specific types of help needed and to communicate this to the private sector organizations.

PROVIDING TECHNICAL ASSISTANCE

Because domestic experience with dislocated worker programs has been limited to a few areas, a state program of information transfer and technical assistance is essential to program success. Creating such a program is not as difficult as it may seem at first. Dislocated worker programs, for the most part, draw on professional skills and capabilities that exist in most communities. The unusual aspect of such programs is how they combine and organize existing capabilities for a concentrated effort over a short period of time. States can help localities to orchestrate such efforts through a combination of on-site assistance and technical assistance materials. Each is discussed briefly:

On-Site Assistance

Successful efforts to provide on-site assistance to localities have two common themes: 1) A technical assistance team, knowledgable about employment, training, education, income security, economic development and social service programs listed above. 2) A positive effort to work with both the public and private sectors — this means business, labor, local government, private industry councils and community groups such as the United Way.

The state technical assistance team can be operated as a "mobile unit" in order to provide assistance to more than one site. States with many local programs may have to assemble more than one team in order to get local initiatives underway without delay.

On-site assistance is most valuable during the very early stages of a program — when the "orchestration" of community resources is occurring. The centerpiece of the technical assistance effort is setting up a worker assistance center -- a site through which worker assistance services can be coordinated and administered. From the workers' perspective, the center is a place where they can carry out all phases of their job search effort, receive help with related social service problems and obtain support from their peers. The center can be located at a plant site, in a community facility or at the local job service office. Where only one plant closure or major layoff is involved and where early notice has been given by the employer, the plant site is often the most convenient and useful from the workers' standpoint. Where more than one plant is involved, on the other hand, a central location in the community with ample space, plenty of free parking and flexible operating hours is optimal.

Creating a worker assistance center involves two major organizational efforts — first, setting up a local decision-making structure for managing the center; and second, setting up the center itself. State technical assistance can facilitate

both stages of the local organizational start-up. Each is discussed below:

Local Decision-Making Structure

Local worker re-adjustment programs need a vehicle for overall planning and management. A public/private team is generally most appropriate for this role. Where there is a large number of dislocated workers requiring a variety of services, membership will typically include representatives of:

- o local elected officials
- o affected firms
- o affected labor unions and organizations
- o area business groups
- o private industry council(s)
- o vocational education, public education and community colleges
- o local economic development interests
- o local banks and savings and loans
- o local media
- o local social service agencies
- o community volunteer groups, e.g., the United Way, active local churces, etc.

Representatives on the local decision making team should have the authority or means to commit available resources from their organization.

The decision making team should hold its first meeting as early as possible. The chair should define the situation clearly and explain the reasons for the extraordinary effort being put forth. Committee participants should know from the outset that for a specific period of time -- four to six months or longer --workers will be targeted for special intensive services. This explanation serves to maintain the interest and enthusiasm of the committee. The following activities should be undertaken by the local team at the outset:

- o Gather information necessary to define the situation. Information needed will include:

- Name, occupation, skills, sex, ethnic background, residence by ZIP Code, age, employer and date of layoff for each worker.

- Information from the workers on what they perceive as their immediate needs, their future plans and the kinds of services they think should be provided at the Center.

- Labor market analysis and skills analysis. An analysis of workers' skills will assist in tailoring placement and retraining efforts to available job opportunities.

- Community Services Brochure and information on center services. This informational packet should be mailed out to workers and be available at the Center. It serves as a valuable self-help tool.

o Identify specific project needs, then list possible resource providers that should be involved. Contributions can include funds, office space, counseling and assessment services, education and retraining services, equipment, furnishing, printing, free health care, loaned management staff, etc.

Assign individuals or project subcommittees to investigate identified issues and resources. These will differ in each project, depending upon needs. Examples are:

o Worker Assistance Center Coordinator or Subcommittee. To plan the Center services, staffing, develop procedures, develop information systems, etc.

o Supportive Services Coordinator or Subcommittee. To develop a brochure with information on employment services, social and financial counseling and other services.

o Retraining Coordinator or Subcommittee. To develop information on retraining and remedial education needs of workers, identify appropriate education and training services in the area, develop referral systems, and negotiate customized or group training courses with educational institutions or area employers.

o Job Development Coordinator or Subcommittee: To develop labor market information, design employer outreach strategies and coordinate with other job developers in the region.

Worker Assistance Center

The worker assistance center is a "one-stop" source of services and information to help dislocated workers adjust to the shock of unemployment and find new jobs quickly and efficiently.

Services to consider should include:

- o Intake, assessment and emergency referrals
- o Personal and financial counseling
- o Career counseling
- o Job search clubs and workshops
- o Job placement assistance
- o Job development services
- o Occupational retraining
- o Remedial education
- o Social services referrals

More information on the nature of these services can be found on pages 10 through 12 of this guide.

To get the center started, the local decision making team should identify and secure funding, find a site, and arrange for center staffing. A full-scale worker assistance center staff might include a director, a job developer to identify job leads, a job placement officer, an employment and career counselor, a retraining specialist knowledgeable of local schools and training programs, a grant developer and a secretary.

Technical Assistance Materials

There are a variety of written materials the state can prepare to aid local agencies in operating their programs. These include data and information gathering tools, resource listings and program design information. It is obviously more cost-effective for the state to compile and disseminate such materials than for each community to research the field and prepare its own. Following are descriptions of some materials the state could provide.

- o Sample worker survey and needs assessment form. The worker survey/assessment form is used by local agency or employer staff to determine the number of individuals who need and want different types of assistance. Ideally, the survey is done before the plant closes or layoffs occur; employers, who are already familiar with their workforce, are often in the best position to administer the survey. The survey can be distributed by the employer, labor organization or local agency providing worker assistance. The survey should be self-explanatory so it can be used

without special assistance from the state, although instructions on tabulating and using results are helpful. Providing the sample format can avoid unnecessary hours of work and "reinventing the wheel" by each community.

- o Sample inventory of community resources. In almost every community there are a large number of service organizations that can provide valuable assistance. The state can provide a sample inventory checklist to help local program staff identify the types of help that may be available. Categories of assistance that should be listed include: job service centers, libraries, private employment agencies and temporary help services, housing assistance agencies, health services, food stamp offices, welfare offices, education and training institutions, legal aid services, family and personal counseling agencies and crisis intervention centers.

- o Inventory of state-wide training and retraining institutions.

- o Inventory of federal and state economic adjustment programs. Any available federal or state funding or sources of technical assistance should be listed in a format that can be used by local communities and agencies.

- o Bibliography of plant closing reference materials. There are a number of research, technical assistance and case study materials available from the NAB Clearinghouse and other sources. These materials can help local communities in planning and operating their programs.

- o Program models. Program models can be provided for guidance in designing local projects. These can include: model workshop outlines and agendas for personal and financial counseling; job search assistance workshops and classes; retraining and relocation programs; and community re-employment centers.

ECONOMIC MONITORING AND ANALYSIS

In order to plan and develop worker assistance programs, states will need information on plant closings, major layoffs, labor market conditions and employment trends. This will require a coordinated data gathering and analysis effort. Two starting places for obtaining such data are:

1) the State Employment Security Agency which will have data on U.I. claimants, plant closings and local unemployment rates, and

2) the State Occupational Information Coordinating Committee (SOICC) which will have access to data regarding labor force and occupational questions.

Data on the following subjects should be sought:

- Identification of individual plants which have closed or experienced major layoffs within the past two years. The industry, plant location, number of layoffs and status of layoffs (temporary, permanent, or unknown) should be specified for each site.

- Aggregate number of workers laid off each year by county or sub-state region.

- Number of U.I. exhaustees by county or sub-state region.

- Information identifying specific occupations, industries and employers which are expanding employment. Skill requirements associated with new jobs should be researched to the extent possible.

These data help to identify where the dislocation problem is severe and where re-employment opportunities may lie. Keep in mind that statistical data on this subject may be very incomplete and not especially reliable. Some of the reports on plant closings and mass layoffs, for example, have been found to cover only 5 to 10 percent of the actual occurrances. It will often be useful to supplement the data with other sources of information such as:

- primary data obtained via surveys or administrative records; local governments and PICs for example, may have administered labor market surveys recently.

- informal information obtained via communications networks in the public and private sectors. Economic development organizations, PICs banks, unions and business organizations are good places to start. For the long run, the state should make an appraisal of existing data sources and plan for improvements in the comprehensiveness and reliability of data, if necessary.

CLIENT ELIGIBILITY CRITERIA

If every individual who has been unemployed over six months is classified as a dislocated worker, then Title III will only provide about $150 per person in most states. Clearly, funding must be targeted more effectively. On the other hand, if a plant closes, the state does not want to provide services for some laid off workers and not others. This would not only be unfair but would probably inhibit any participation on the part of management or labor. So states must be careful when defining client eligibility criteria for Title III assistance. The Job Training Partnership Act helps somewhat: First, JTPA refers to "substantial groups" of individuals which would seem to imply major layoffs, plant closings, or at a minimum, a high concentration of long-term unemployed in a community or area suffering from economic dislocation. The Act, therefore, provides a rationale for targeting to plant closures, major reductions in force and high unemployment communities. This is not overly restrictive but does narrow the options substantially.

A question of fairness may arise on behalf of the long-term unemployed who are not victims of plant closings and who do not live in high unemployment areas. However, such individuals reside in labor markets with greater job opportunities and fewer job seekers competing for employment. Given limited resources, targeting makes a great deal of sense. Furthermore, the type of employer-based and community-based adjustment programs which have proven successful are naturally suited to areas where "substantial numbers" of dislocated workers exist.

Beyond that, JTPA Title III allows broad discretion on client eligibility. Notice of termination is sufficient to trigger aid before a plant closure or layoff actually occurs, making early involvement possible. The long-term unemployed with little chance of returning to a similiar occupation are also eligible whether or not their unemployment results from a plant closure or mass layoff.

Early experience with Title III programs suggests that worker assistance centers are likely to be swamped with more workers needing assistance than can realistically be served. Further targeting of resources, therefore, may be required in high unemployment communities in order to avoid spreading the dollars too thin. However, such targeting does not necessarily have to be statutory or regulatory in nature. States may choose to leave these decisions up to local decision makers. A study of the Downriver Community Conference project in Southeastern Michigan, for example, attributes much of its success to a two stage screening and referral process which accomplishes the following:

o Identifies and screens out participants who lack sufficient

motivation to complete the program.

- Separates those participants who are appropriate for retraining from those who have immediately marketable skills and are able to begin job search, and thus require much less expensive services on average.

Other local worker assistance centers have used the following methods to determine who will get served first:

- limit service to victims of plant closings or major reductions in force;

- refer any worker eligible for JTPA Title IIa services to the local SDA for IIa services in lieu of Title III assistance.

The general conclusion is that ultimately, client eligibility will have to be determined via a partnership between state and local policymakers. Note that JTPA explicitly references Private Industry Councils in the process of identifying eligible individuals. Specifically, Section 302 (b) reads: "The State may provide for the use of Private Industry Councils... to assist in making the identification (of dislocated workers)." Thus, JTPA envisioned a joint state/local client identification process.

REPORTING REQUIREMENTS AND PERFORMANCE STANDARDS

For most states, the operation of a comprehensive dislocated worker program will be unprecedented. In many ways, therefore, the new program will be a research and demonstration effort as well as an action program to assist workers. To determine, over time, what types of assistance are most successful and cost effective, the state will need a management information system (MIS) to obtain and evaluate information about the program.

A management information system is an organized process for obtaining data on services being provided, at what cost and to what effect. At a minimum, the state will have to collect data on items required by the federal government for Title III reporting. These requirements are currently minimal. They include:

- The number of individuals who completed a Title III program in the state.
- The number of such individuals who found or were placed in a job.
- The total cost of the state Title III program.

At present, the U.S. Department of Labor plans to issue only two performance measures (not standards) for Title III. These are (1) the entered employment rate (which is the number of individuals placed in a job divided by the number completing services), and (2) the cost per entered employment (which is the number entering employment divided by total program cost). These measures are to be used by governors in setting goals or targets for Title III programs; no performance standards — meaning achievement levels — are required for Fiscal Year 1984 programs. However, it is possible that a new performance measure — employment retention rate — will be added for Fiscal Year 1985, and performance standards, built around the three measures, could be prescribed at that time.

States can choose to restrict their MIS system to the reporting requirements outlined above or they can obtain more information for management and evaluation purposes.

Clearly, there are trade-offs in deciding how extensive the management information system should be: it is counterproductive to impose too many data collection and reporting requirements on communities or agencies being assisted; yet, without good information, the state will not know how useful or effective its services are, or how to modify and improve services to better meet local needs.

Four general types of data, however, should be considered as candidates for inclusion in an MIS system:

- Client data on demographic and other characteristics of workers. This can include:

  Demographic information on age, race, sex, marital status.

  Salary or income level.

  Unemployment Insurance and welfare status (whether receiving U.I. or other income assistance).

  Educational attainment--generally meaning number of years of schooling completed, but which also means the reading and mathematics level determined through the use of standardized tests.

  Occupation and skills as indicated by the worker's most recent occupations or as determined through skill and aptitudinal testing.

- Process information, which is information on what services are provided, including:

  Number of individuals receiving services,

  Job search assistance and related services,

  Classroom training,

  On-the-job training,

  Counseling and support services, and

  Job development services.

- Outcome information, which can be recorded in terms of immediate post-program outcome, or can be longer term, using participant follow-up techniques, and may include:

  Training program completions,

  Job placements,

  Wage levels in new employment, and other outcomes.

- Cost data, which should include aggregate expenditures as well as expenditures broken down by program service and outcomes.

From the data items listed above, a wider range of performance and evaluation measures can be constructed. These include measurements relating to worker wage gains or losses, evaluations of different program strategies (e.g. on-the-job training, job search assistance, etc.), and assessments of how workers with different characteristics (e.g. skill levels, age, income) fared in the program.

Another type of information which will be useful for states is case study materials obtained via research efforts or from program operators. Of key importance to states is understanding what works and what doesn't. A systematic collection and analysis of case material can be an invaluable source of information for gaining such insights. Case material can be developed by outside researchers, by state personnel or by local program operators. It is important that case material be as systematic and objective as possible. Throughout the data collection and analysis process, it is important that data be disseminated as widely as possible to public and private interests. Education, training, economic development, employment security and social service programs can benefit from an increased understanding of the worker dislocation problem. Specific public and private data sources on plant closures and layoffs are listed and described in Appendix B.

INVOLVING BUSINESS AND LABOR

Business can play a major role in assuring an efficient worker transition to new employment. Experience shows, however, that there is little to be gained by vaguely soliciting employer "involvement" in programs. Instead, the state should develop a framework for identifying useful types of business assistance. Business leaders, especially those involved in workforce reductions, are often not aware of programs which can be developed or of opportunities for business to play a role.

The chart on the following page provides a starting point for identifying specific roles for the business community.

Organized labor, likewise, can play a central role in worker readjustment. Unions, in general, have the trust of workers and, therefore, provide an immediate vehicle for communicating with, organizing and providing assistance to their members. Furthermore, labor organizations already have developed considerable experience in designing and operating worker assistance programs. Unions can assist states and localities by:

- o providing information on closures and layoffs as part of an early warning system. Labor organizations can help collect information on anticipated closures and workforce reductions, and the characteristics of workers affected; through a state-wide network, they can organize this data for transmission to the state for planning purposes.

- o surveying current status of worker dislocations as part of a state's initial survey, or needs assessment. Labor organizations typically will have an excellent understanding of the plant closure and workforce reduction situation in the state and can help in determining the magnitude and severity of the problem.

- o designing worker counseling and social services. Unions have designed and operated workshops and counseling programs to help displaced workers cope with the initial problem of layoff, and have arranged for the on-going provision of a variety of community and social services. Unions' experience in these areas can help states in planning programs and allocating resources.

- o organizing re-employment services. Labor organizations have helped to set up and run re-employment projects, including job search assistance and retraining programs. Their experience and knowledge of the workforce can be an invaluable aid in program planning and operation.

An initial contact with organized labor is the State AFL-CIO Federation. This group is recognized by many as an important

GOAL	POSSIBLE BUSINESS ROLE
Find new jobs for workers	Companies laying off workers have frequently been instrumental in identifying job opportunities for workers. Companies have extensive contacts with suppliers, customers, competitors and corporate affiliates, all of which might be sources of job opportunities. In some cases involving larger corporations, workers are given special transfer rights within the firm or with corporate affiliates. State and local business organizations as well as Private Industry Councils can also "network" their membership and contacts to identify job opportunities. Companies laying off workers can sponsor job search clubs to provide workers with the skills and support they need to look for a job.
Retrain workers in preparation for new employment	Companies laying off workers can set up and run customized retraining programs for workers or can provide financial support for worker training. Tuition reimbursement schemes and special retraining funds are examples. Business firms can donate equipment, instructors and even classroom space to augment local vocational, technical and remedial education efforts. Tax deductable cash contributions are also an option. Business organizations and Private Industry Councils as well as growing firms can advise local educational institutions on curriculum development which may assist dislocated workers' retraining. Private Industry Councils may be able to organize and coordinate funding for special dislocated worker retraining programs.

GOALS	POSSIBLE BUSINESS ROLE
Early warning of worker dislocation	Firms can provide as much advance notification of plant closings or major reductions in force as possible. Firms can also identify, to the extent possible, those workers who are permanently laid off. A straightforward presentation of company and industry financial conditions is also helpful in convincing workers that layoffs are, in fact, permanent. State and local business organizations can support efforts to encourage early warning of dislocations, and a timely marshalling of resources to assist laid off workers.
Maintain worker financial security and health during periods of unemployment	Area banks and accounting firms can provide pro bono financial counseling services to dislocated workers. Area banks and mortgage companies can couple personal financial planning with a restructuring of financial obligations of workers such as mortgages and personal debts. Companies laying off workers can provide adequate severance pay and liberalize vesting requirements on workers' pensions. Employers and insurance companies can also make arrangements for extending health insurance coverage beyond termination. Physicians, hospitals and private medical agencies can arrange for free health screening and health care services for dislocated workers.
Comprehensive program of assistance for dislocated workers	Firms laying off workers can work with unions, Private Industry Councils, community organizations and state and local governments to set up worker assistance centers for dislocated workers. Where one firm lays off hundreds of workers, a center at the plant site might be desirable.

coordinating body for labor policy in the state, and represents all AFL-CIO affiliated unions within the state. The AFL-CIO also has coordinating bodies which operate at the sub-state level. Generally called Central Labor Councils, these bodies could be especially helpful in severely impacted areas of the state. Other unions also have state councils which should be consulted where they represent workers in occupations affected by layoffs and closures. The Human Resources Development Institute (HRDI), the employment training affiliate of the AFL-CIO, has issued technical assistance materials to help central labor councils and local unions expand their capacity for dislocated worker assistance. HRDI has considerable experience with developing and operating dislocated worker programs and can assist states in identifying labor contacts and organizing programs.

Another issue states should be aware of is innovative collective bargaining agreements. Many unions, at both the local and national levels, have negotiated contract clauses which address the following issues: 1) plant closing pre-notification; 2) employee transfer rights within the firm; 3) additional unemployment benefits; 4) extended medical benefits; 5) liberalized severance pay and pension vesting arrangements; 6) retraining and education programs or financial support and 7) relocation assistance. A U.S. Department of Labor study in 1978, for example, showed that about 22 percent of existing contracts contained a clause dealing with plant closure, layoff or relocation.

Thus, companies and unions who have collective bargaining agreements regarding plant closings and workforce reductions often have resources available which may be leveraged and used along with those from the public sector and the employer.

Finally, before planning Title III programs, states should note that Section 306 of JTPA requires that any Title III program which will serve a "substantial number of members of a labor organization shall be established only after full consultation with such labor organization." What constitutes a "substantial number" of members remains undefined, but clearly the major labor organizations affected by dislocation are meant to be involved up-front in the planning process.

LEGISLATIVE AND REGULATORY ACTIONS

It stands to reason that existing state laws, regulations and budgets may require modification in order to respond to what is a relatively new policy issue for many states. While predicting specific changes required in 50 states is nearly impossible, the following suggests a few issues which are likely to arise early in the re-adjustment process.

Unemployment Insurance Work Test

A little-known provision of the JTPA Title III program takes a first step toward making U.I. and retraining efforts complement each other. That is, individuals enrolled in Title III training programs are not required to be actively seeking employment during their training period. (For more details on the legal basis for this interpretation, see Appendix A, page 8.) State policy makers involved with JTPA Title III programs, therefore, should coordinate their planning with both the Unemployment Insurance system and the Job Service to ensure that work test requirements are adjusted for Title III trainees.

Allowable Title III Expenditures

Though Title III is an extremely flexible program, questions are likely to arise concerning allowed activities and expenditures. The chart on the next page answers common questions which have been raised thus far.

ACTIVITY	TITLE III ELIGIBILITY
On-the-Job Training	Allowable. All training activities authorized for Title II programs are allowable under Title III. Note that Title II places limits on the duration and amount of the OJT reimbursement.
Public Job Creation	Not allowable. Title III cannot be used to fund public jobs.
Economic Development	Within limits established by the governor. Title III authorizes "job development." Extreme cases such as large allocations to revolving loan funds may be disallowed by DOL.
Support Services (including stipends and allowances)	Allowable within spending limits outlined below.
Relocation Assistance	Allowable if the individual has a job offer and cannot find employment within his or her commuting area.

Note that the list of Title III authorized activities in the law is suggestive, not restrictive. The preamble to that list states that services may include, "but are not limited to..." etc. This is in keeping with the intent that Title III be an innovative, experimental effort with states assuming primary management responsibility.

Additional questions however, will continue to arise about the complicated issue of "70/30" training, support services and administration cost limitations. Here, Title III is considerably less strict than it may appear at first, but it can also be confusing. Note, first of all, that Title III discretionary grants are not subject to 70/30 requirements. More important, though, is that Title III formula funds are subject to 70/30 in a qualified way. That is, 70/30 applies to only half of the total federal formula plus non-federal matching funds spent by the state. This liberalizes 70/30 in three ways:

- For the FY 83 Title III formula funds allocated under the recent jobs bill, the 70/30 requirement becomes a 36/65 requirement—only 35% of these funds must be spent on training.

- Similarly, in high unemployment states where the matching requirement is low or absent, the 70/30 limit on federal funds is adjusted downward, to a limit of 35/65 where no match is required.

- In any case, 70/30 does not apply at all to Title III matching funds. In other words 35/65 always applies when the total of federal plus non-federal funds is considered.

The same applies to cost limitations on administration. Technically 35/65 should read 35/65/57½—meaning that 57½ percent of federal plus non-federal funds could legally be allocated to administrative costs. Any state which spent that much on administration, however, would be jeopardizing its relationship with the U.S. Dept. of Labor and the fate of the Title III program in general.

Employee Ownership and Buyouts

A recent trend relating to worker readjustment is state legislation to encourage worker buyouts of plants threatened with corporate divestiture or closing for other reasons. A 1979 Michigan law, for example, established a special office in the state Department of Labor to aid employees in purchasing and then operating closing businesses. The office conducts feasibility studies of potential employee buyouts, provides financial counseling and trains employees in management techniques. Michigan's 1982 Economic Development Authority Act includes several more employee ownership provisions,

establishing an economic development authority and directing it to "fund at least five industrial facilities conversion projects" each year. The Act provides a priority for employee buyout efforts.

A new Massachusetts law will facilitate the formation of employee cooperatives. The statute gives employee-owned businesses a dependable legal framework which protects their members' rights

Other Legislative and Regulatory Changes

Depending on circumstances, a variety of additional state level changes may be desirable to help workers re-adjust. Suggestions include:

- Appropriating more funds for adult education programs and vocational training in high-demand skill areas, and the development of special curricula to assist dislocated workers.
- Allocating Job Service resources for special dislocated worker programs. Some of the Governor's 10% discretionary fund, for example, could be reserved for this purpose.
- Creating or improving state programs for monitoring and predicting industrial growth and decline.
- Formalizing, through state legislation, the powers of the State Job Training Coordinating Council in developing state policy and coordinating adjustment programs.

TOWARD LONG-TERM RECOVERY

Placing dislocated workers into new jobs is not the end of the economic adjustment process following major dislocations. When basic industries are in decline and employment falls off, other sectors of the economy — construction, retailing, wholesaling and business services — experience a second wave of dislocation. A broader process of community adjustment and revitalization, therefore, is called for.

In addition, current dislocations may be a strong clue that preventative medicine is necessary. For the long run, it is important to keep in mind that plant closings and mass layoffs don't just happen — there are compelling economic reasons in each case, some of which state and local governments have direct or indirect control over.

Though economic and community revitalization efforts have often been conceived quite narrowly as business or real estate development projects, dislocated worker programs can lay the groundwork for a broader approach to revitalization involving education, training, employment and business development. Toward this goal, logical steps in the evolution of worker and community adjustment programs might include the following:

Improve Business Monitoring

Current data on the birth, death, expansion, contraction and relocation of business firms is fragmented and sketchy. States can play a key role in assembling existing data on this subject and developing systems to fill in data gaps. Such information would not only inform worker assistance programs but would be extremely useful for education, training, employment and economic development programs.

Improve Referral Networks

Worker assistance programs by nature require referral networks among labor exchange, training, education, social services and economic/job development programs. Such referral networks should be expanded to assist unemployed individuals who may not be eligible for Title III services. This could be especially important in improving industry/educational links and in improving the effectiveness of job placement services. Private Industry Councils may be a logical starting point for coordinating a wide range of referral networks.

Provide State Technical Assistance To Small Communities

Recent experience with the Urban Development Action Grant (UDAG) program indicates that many smaller communities do not have the technical capability to package even relatively simple economic development projects. "Small cities" funds are going unexpended for a lack of eligible proposals. State Community Affairs Agencies should work with other economic development experts to develop technical assistance programs

which will substitute for the lack of expertise at the local level. In communities experiencing economic dislocation, technical assistance with economic development should be an adjunct to state assistance with the worker re-adjustment program.

Expand State and Local Business Development Programs

Many states and localities have set up business financing and technical assistance capacities of one type or another, but rarely is the full complement of programs in place which can respond to the full range of opportunities in the market. The following charts provide a partial checklist or matrix of possibilities. The first chart focuses on programs which involve risk financing and technical assistance as in small business, minority business or venture financing situations. The second chart focuses on business investment incentives--these are designed to attract new firms into a state or to retain profitable firms that might otherwise move out.

Several key principles should be noted with respect to any of the listed business development initiatives.

Outreach: An aggressive business outreach program is almost always necessary, especially during the early stages of a business development program. Business opportunities are generally identified one firm at a time--short cuts do not exist. In the long run, gaining the trust of local banks is extremely useful as a source of business development opportunities.

Objectives: Many business development programs are considered successful if they package a few deals each year. In relation to the scale of a state economy, however, this amounts to grains of sand on a beach. Like a bank or savings and loan, business development programs, in the long run, must aim at a respectable volume of packages.

Staff Capacity: Business development programs require the skills of bank loan officers, real estate developers, sales persons, politicians, business managers and federal/state program experts. It is important not to underinvest in the development of a competent, versatile staff.

Bank Participation: Except for venture capital investment, which follows a high risk/high return pattern, business packages should involve substantial participation by conventional leaders. Participation by the business development agent should not exceed 20 or 30 percent in most cases--any more amounts to a "giveaway" in a deal that probably involves excessive risk, and which also draws heavily on business development resources. Bank participation also has other major benefits. First, once the program has developed a good working relationship with banks, the process of identifying packages is greatly eased -- banks are the best source of referrals. Second, a successful

STATE & LOCAL

RISK FINANCING AND ASSISTANCE

	LONG-TERM FIXED ASSET FINANCING	WORKING CAPITAL	EQUITY CAPITAL	TECHNICAL ASSISTANCE	PROTECTED MARKETS (e.g. Procurement)	POOLED BUSINESS SERVICES
Small Businesses						
Minority Businesses						
New Businesses - Hi-Tech - New Products - General Entrepreneurship						
Employee-Owned Firms and Worker Buyouts						

NOTE: The empty boxes are intended to serve as a matrix "check-list" of development tools that states could have in place to promote business development and retention.

STATE & LOCAL BUSINESS INVESTMENT INCENTIVES

	LOW COST FINANCING	TAX INCENTIVES	INFRASTRUCTURE AND LAND	TRAINING	ONE-STOP BUSINESS CENTERS
Existing Firms in State					
Prospective Relocations into State					

NOTE: The empty boxes are intended to serve as a matrix "check-list" of development tools that states could have in place to promote business development and retention.

program often helps to break down stereotypical perceptions on the part of bank loan officers about minority business, declining communities and low-income neighborhoods. In the long run, banks will modify their own lending practices in situations where they have been too conservative.

Technical Assistance: The secret to achieving a low loan default rate on so-called "risky" deals is, first, screening the deals but, even more importantly, providing the technical assistance necessary to help an entrepreneur be successful in all facets of a business. Few entrepreneurs are equally skilled at marketing, production, personnel management, financial management and overall business planning. It is often the "Achilles Heel" which dooms an otherwise solid business venture. Competent technical assistance can identify weak spots and substantially lower the risk of doing business — for the entrepreneur, the business development program and participating banks. Note that such a technical assistance program requires a substantial staff capacity and generally must be subsidized. Revenues from loan and interest payments will usually not cover the full costs of technical assistance services.

Value of Tax Incentives: A cursory inspection of a typical business operating statement quickly reveals that state and local taxes are low on the list of business expenses, so tax incentives are likely to have limited impact. Furthermore, the greatest tax costs to business are either uncontrollable (i.e. social security) or indirect. For example, high personal tax rates generally mean that a business must pay a higher salary to workers in order to be competitive with a nearby state that has low personal tax rates. In this case, it is the higher salary costs which affect the balance sheet more than any direct corporate taxes.

Encourage Education and Training Reforms

The recent upsurge of concern over the quality of education programs appears to be well-founded. Employers attending NAB Regional Policy Seminars in 1981 expressed unaminously a high level of discontent with the job-readiness of graduating high school students. Many vocational education programs, also, appear to be out of touch with current production methods and market needs.

States can play a pivotal role in adapting education and training programs to the market because of the central state role in public education, vocational education and training funded by the Job Training Partnership Act. Progress can be made in several areas:

- Expanding opportunities for adult mid-career education and retraining.

- o Upgrading educational standards in basic skill areas.
- o Updating curricula in vocational education programs.
- o Improving industry/education cooperation by supporting a strong role for Private Industry Councils, the State Job Training Coordinating Council and Vocational Education Advisory groups.
- o Encouraging coordination of education and training efforts, e.g., having PICs work with local schools to assist dropouts and facilitate transition from school to work.
- o Linking education and training with economic development efforts. This could include customized "quick start" programs, Private Industry Council cooperation with local economic development agencies, etc.
- o Allocating more resources to math, science and engineering programs in state university systems.

Using Other State Powers and Resources to Create a Favorable Investment Climate

States have at their disposal a wide variety of other powers and resources which do affect the economy, often in unintended ways. A few examples:

- o State Financial Regulation: The current wave of de-regulation in the financial industry may have negative effects on the availability of credit for small businesses, especially in small towns or rural areas. Capital is becoming more centralized in large financial centers and much is even being exported abroad. States should keep a close watch on the availability of commercial credit for local small business investments. A certain level of protective regulation may even be required.
- o Infrastructure and Facilities: State investments in airports, highways, schools, utilities, water supply and major facilities affect local economies. Such investments should be made with an awareness of the needs of industry, of declining communities and of rapid growth areas. Coordinating the wide range of such state investments, of course, is a Herculean task. Setting up a state capital-investment task force might be a first step. Such a task force should make agressive efforts to work with local economic development agencies in order to identify those leverage points in the economy where state investments could affect the overall business investment climate.

- Information: States play a key role in collecting and assembling labor market information. Such data should be made available in a useable format for economic development "sales" agents. Also important is vital information on availablity and cost of land for light industry, heavy industry and other commercial purposes; on utilities and water supply; on freight transportation modes; on local education and training facilities; and on amenities, parks, cultural facilities and any other factors which might influence a business location decision.

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Appendix A

EXPLANATION AND ANALYSIS OF THE JTPA TITLE III DISLOCATED WORKER PROGRAM

PREPARED BY:

THE NATIONAL ALLIANCE OF BUSINESS

INTRODUCTION

In October 1982, President Reagan signed into law the Job Training Partnership Act (JTPA), which continues the federal commitment to train and find productive employment for persons with serious labor market barriers. While many provisions of JTPA replaced or modified existing programs, Title III of the Act authorized an entirely new program to assist experienced workers who have permanently lost their jobs due to technological displacement, foreign competition and other structural changes in the economy. Title III, also called the Dislocated Worker program, provides federal funding for state-administered employment and training services aimed at re-employing the victims of displacement.

The most salient feature of Title III is its flexibility -- states are given very broad authority over who is served, how the program is planned and administered, how resources are distributed and what services will be provided. Programs can be organized in response to crisis situations, such as a major plant closing, or tailored for specific industries statewide, or targeted to high unemployment communities.

Two features of Title III are especially important:

- o No presumptive deliverers: Title III is unusual in that, except for some review and consultation requirements, there are almost no federal mandates regarding how the program is to be delivered. States are given the option to involve business management, labor, PICs, community organizations, local governments, state agencies and other entities in the program.

- o Versatility: The Dislocated Worker program authorizes a very wide range of services including training, counseling, job search, transportation, social services, pre-layoff assistance, relocation assistance and other activities. The principal federal requirement is that at least 35% of total federal and non-federal (matching) funds be spent for training or related services.

In general, because experience with dislocated worker programs is very limited, the intent of the law is to give states the opportunity to experiment with different approaches. Department of Labor regulations on Title III, issued March 15, 1983, are consistent with the approach of minimum federal interference. On many issues, for example, the regulations make a simple reference to the relevant section of the law and elaborate no further.

This explanation and analysis of the Dislocated Worker program is designed to organize, under one cover, the major provisions of the Title III law and regulations. The remainder of this

appendix is divided into six sections which are: 1) Background; 2) Title III Funding; 3) Eligible Clients and Activities; 4) Planning and Management; 5) Grant Application Procedures; 6) a copy of the Title III law and regulations. Corresponding sections of the law and regulations are shown side-by-side.

II. TITLE III FUNDING

Funding Formula

The law requires that at least 75% of Title III funds be distributed to states by a formula composed of the following factors, equally weighted:

- Each state's relative share of the nation's unemployed individuals;
- Each state's share of the nation's "excess unemployed." Excess unemployment is defined in the Act as unemployment in excess of 4.5% in each state; and
- Each state's share of individuals in the nation who have been unemployed 15 weeks or more.

The calculation of the formula factors are based on the latest available statistics from the Bureau of Labor Statistics. Regulations do not elaborate on the funding formula.

Discretionary Grants

Up to 25% of Title III funds can be distributed to states at the discretion of the Secretary of Labor to aid individuals "who are affected by mass layoffs, natural disasters, Federal Government actions (such as relocation of Federal facilities) or who reside in areas of high unemployment or designated enterprise zones." To be eligible for the discretionary grants, states must submit an application to the U.S. Department of Labor outlining needs, activities and projected results of the programs to be funded.

Matching Requirements

No funding match is required for the Secretary's discretionary Title III grants. To qualify for Title III formula monies, however, states must provide matching funds from non-federal sources, either public or private. Normally, the required match will equal the federal formula allocation; however, the match will be reduced by 10% for every 1% by which the state's unemployment rate exceeds the national average unemployment rate (for the most recent twelve month period prior to that fiscal year). Thus, if no state's unemployment rate exceeds the national average by 5%, no match is required.

The law provides that "the direct cost of employment and training services ... provided by state or local programs (such as vocational education), private non-profit organizations, or private for-profit employers shall be counted as matching funds." The regulations place no further stipulations on Title III matching requirements.

The Department of Labor is allowing governors to define what specific types of contributions can be used to match federal

funds. A recent DOL Field Memo, for example, specifies that governors can determine eligibility for such items as in-kind contributions, employer wages paid to on-the-job training participants, and costs for space, equipment and voc ed teachers' salaries.

The difficulty of matching the federal funds is eased by a provision which allows Unemployment Insurance benefits to be counted among the matching funds: state funded U.I. benefits paid to individuals enrolled in Title III training can be credited for up to 50% of the total non-federal match requirement. This clearly encourages the provision of Title III services to U.I. claimants.

For FY 1983, matching funds are not required up front. According to DOL policy, however, acceptance of the grant "is indication of the governor's intent to provide the required match." Evidence of having provided matching funds will be required in connection with DOL audits.

Reallotment of Funds

The law provides that the Secretary of Labor may, at his discretion, reallot any portion of Title III allocations that a state will not be able to obligate within one year. Title III regulations specify, however, that the governor and the general public be notified of any proposed reallotments. In addition, the Secretary of Labor must indicate the specific reasons for the reallotment and shall invite the governor and the general public to submit comments. A 30-day comment period is required after which the Secretary must notify the governor of any decision to reallot funds.

III. ELIGIBLE CLIENTS AND ACTIVITIES

Eligible Individuals

Title III authorizes each state to establish its own procedures for identifying "substantial groups" of dislocated workers. Individuals identified by the state must fall into one of the following general categories outlined in the law:

- Have been terminated or have received notice of termination from employment, are eligible for or have exhausted their entitlement to unemployment compensation, and are unlikely to return to their previous industry or occupation; or
- Have been or will be terminated as a result of any permanent closure of a plant or facility; or
- Are long-term unemployed with little likelihood of employment in a similar occupation near where they live;
- Are unemployed older individuals who may have substantial barriers to employment by reason of age.

Regulations do not include further specifications on eligible individuals.

In general, states are given broad discretion regarding eligibility for Title III. Notice of termination is sufficient to trigger aid before a closure or layoff actually occurs, making early involvement possible. The long-term unemployed with little chance of returning to a similar occupation may also be designated eligible whether or not their unemployment results from a plant closure or mass layoff. A danger, however, with such wide latitude in interpreting the law is that states will fail to target efforts to individuals with greatest need, thereby spreading limited Title III resources very thin.

Eligible Activities

Title III authorizes a very broad range of services. Specifically, Title III funds may be used to help re-employ dislocated workers "through training and related employment services which may include but are not limited to":

(1) job search assistance, including job clubs;

(2) job development;

(3) training in jobs skills for which demand exceeds supply;

(4) supportive services, including commuting assistance and financial and personal counseling; and

(5) programs conducted in cooperation with employers or labor organizations to provide early intervention in the event of closures of plants or facilities.

In addition, financial relocation assistance may be provided if the state determines 1) that the individual cannot obtain employment within his or her commuting area; and 2) that the individual has obtained a job or has a bona fide job offer elsewhere.

The activities enumerated are by no means exhaustive of the possibilities; they are merely illustrative. The final regulations emphasize DOL's intent to leave maximum authority to states -- no additional restrictions are placed on eligible activities. In general, states are given the latitude to pay for the full complement of training and employment services that are deemed necessary to re-employ dislocated workers.

Limitations of Use of Funds

Cost limitations are considerably less strict than they may appear at first. The law provides that no more than 30% of the Title III federal formula funds be available for supportive services, wages, allowances, stipends and administrative costs. Regulations further provide that no more than 15% of the federal formula funds be available for administrative costs. The law and regulations, however, go on to say that these restrictions do not apply to the matching funds and furthermore, that under no circumstances shall these restrictions apply to more than 50% of the total federal and non-federal funds available to a program.

What this means is that 35%, not 70% of the total federal and non-federal Title III funds must be spent for training and related services. (This applies even to high unemployment states, like Michigan, where no non-federal funding match is required.) Training costs are defined in DOL regulations as follows:

The costs associated with on-the-job training services; employer outreach necessary to obtain job listings or job training opportunities; salaries, fringe benefits, equipment and supplies of personnel directly engaged in providing training (including remedial education; job related counseling for participants; employability assessment and job development; job search assistance; including preparation for work and labor market orientation); books and other teaching aids; equipment and materials used in providing training to participants; classroom space and utility costs; and tuition and entrance fees that represent instructional costs which have a direct and immediate impact on participants. In addition, 50 percent of the costs of a limited work experience program, and 250 hours of youth tryout employment, are considered allowable training costs.

A limited work experience program is one that meets the requirements of Section 108 (b)(3) of the Act. Youth tryout employment is that which meets the requirements of Section 205(d)(3)(B) of the Act.

This definition of training costs, though lengthy, was designed by DOL to establish generic categories of activities and leave states with some room for discretion regarding specific instances.

Note that cost limitations do not apply to the Secretary's Title III discretionary grants. Cost-effectiveness, however, is likely to be high on the list of DOL criteria for awarding such grants.

Performance Standards

Section 106(g) of JTPA states: "The Secretary shall prescribe performance standards for programs under Title III based on placement and retention in unsubsidized employment." It is probable, however, that for the coming year there will not be strict standards per se on Title III, but rather, DOL guidance to governors on state goals or "performance targets." So little is known about dislocated worker programs that setting national standards is nearly impossible. For this reason, DOL has dropped absolute standards for FY 83 and 84 programs in favor of DOL guidance and information to help governors set goals or targets for Title III programs.

DOL guidance emphasizes job placement and retention rates as well as cost per placement measures. Some feel that since dislocated workers have job experience, they should on average be easier and less costly to place than CETA clients. Therefore, past CETA performance may be seen as a minimum performance level for Title III. Experience with the Downriver Project -- a dislocated worker pilot project in Detroit -- suggests that performance can in fact exceed CETA performance, even in a high unemployment area. Unusual circumstances, however, such as a major plant closure in a small town, may limit the short-term potential of any readjustment effort. Strict across-the-board standards, therefore, will be difficult to apply.

IV. PLANNING AND MANAGEMENT OF TITLE III

Planning Requirements

Final Title III regulations and DOL's administrative guidance outline extremely limited planning requirements for Title III. The governor need only submit to DOL a statement of intent to operate Title III programs in compliance with the matching funds provisions of the law. This statement of intent is to be incorporated into the state coordination and special services plan. These actions will fulfill the state plan requirement outlined in Section 308 of the Job Training Partnership Act. FY 1984 Title III planning requirements are expected to be similar to FY 1983.

Reporting Requirements

Reporting requirements for Title III have been kept to a bare minimum. Items to be reported by states to the federal government include total expenditures by major category (administration, training services, support services), total enrollees, total terminations, and the number of persons placed in unsubsidized employment. The law and regulations do not place restrictions on how states set up reporting systems and requirements for statewide or sub-state Title III programs.

Role of Private Industry Councils

Title III contains several provisions which, when taken as a whole, outline a significant advisory role for Private Industry Councils. These provisions are:

1) When a state identifies eligible individuals in a given labor market area, the PIC or PICs in the area must be requested by the state to provide assistance in identifying local job opportunities for such individuals.

2) The PIC and the appropriate chief local elected officials shall be given 30 days to review and make recommendations on any planned Title III programs for their service delivery area. The state must consider these recommendations before approving a program and if the final decision is contrary to the recommendations, a written explanation must be provided to the PIC and local officials. This requirement does not apply to programs operated on a statewide or industry-wide basis.

3) The law authorizes states to involve PICs in identifying eligible individuals for Title III services.

The first of these provisions establishes a lower limit to PIC participation in Title III programs. At the very least, PICs should be involved in identifying local job opportunities for dislocated workers. The second and third provisions encourage more extensive PIC involvement and mandate the involvement of PICs and public officials for programs which operate locally (as opposed to statewide programs). The framers of this

legislation, however, were careful not to limit the governor's options regarding overall program design and delivery. Final regulations do not elaborate on these requirements in any way.

Relation to Unemployment Insurance System

Title III builds in two explicit links with the Unemployment Insurance (U.I). system. The first, mentioned earlier, is that state U.I. benefits paid to individuals in Title III training programs can be credited for up to 50 percent of the non-federal matching fund requirement.

The second link between Title III and U.I. is complicated and little known, but significant: Individuals enrolled in Title III training, which is directly linked to state identified job opportunities, are automatically considered to be in compliance with the U.I. work test. That is, these individuals are not required to be actively seeking employment during their training period; nor do they have to accept jobs referred by the Employment Service if the acceptance of such a job would interrupt their retraining for the state-identified job opportunities.

For those interested in the legal basis for this interpretation, the pertinent language in the law is contained in Section 302 (d). It reads: "the acceptance of training for such (state-identified) opportunities shall be deemed to be acceptance of training with the approval of the state within the meaning of any other provision of federal law relating to unemployment benefits. The "other provision of federal law" is Section 304 (a) (8) of the Employment Security Amendments of 1970 (PL 91-373), which, in effect, prohibits denial of benefits on grounds of unavailability to work or work refusal if an individual is taking training that has the approval of the state agency. To sum up, what Title III accomplishes is to equate Title III training (pursuant to state-identified job opportunities) with state approved training for the purposes of fulfilling requirements of the U.I. work test.

This provision sets a very important precedent in coordinating the U.I. system with retraining efforts for dislocated workers. It has often been charged that the U.I. system works at cross-purposes with efforts to retrain and re-employ workers. On one hand, the U.I system can provide only income support, not retraining services; on the other hand, U.I. income support is not coordinated in any way with other efforts to retrain workers: the U.I. work test often conflicts with the training agenda, and the duration of U.I. benefits is arbitrary — not linked in any way with retraining. The above-cited Title III provision is the first step toward making U.I. and retraining efforts complement each other.

Program Coordination Requirements

The JTPA law and regulations require that state coordination criteria apply to Title III programs. Formal documentation of how Title III will be coordinated with other programs, however, does not appear to be mandated.

Specifically, Section 121(b)(1) of JTPA requires that the state coordination and special services plan "establish criteria for coordinating activities under this Act (including Title III) with programs and services provided by state and local education and training agencies (including vocational education agencies), public assistance agencies, the employment service, rehabilitation agencies, post-secondary institutions, economic development agencies, and other such agencies as the governor determines to have a direct interest in employment and training...". The items in parentheses appear in the text of the law.

Identification of Job and Training Opportunities

The law contains three specific provisions concerning the identification of job and training opportunities for Title III participants.

These are:

1) The state, with the assistance of the private industry council, shall determine what, if any, job opportunities exist within the local labor market area or outside the labor market area for which such individuals could be retrained.

2) The state shall determine whether training opportunities exist or could be provided within the local labor market area.

3) Whenever such training opportunities are identified, information concerning the opportunities shall be made available to the individuals.

A key principle underlying these provisions is to link retraining, as much as possible, with actual job opportunities — to start with the job specifications and train accordingly. The potential role of PICs in identifying job opportunities and their associated skill requirements is clearly recognized in the law. Regulations do not elaborate on these provisions of the law.

Consultation with Labor Organizations

Section 306 of JTPA requires that any Title III program "which will provide services to a substantial number of members of a labor organization shall be established only after full consultation with such labor organization." Final Title III regulations state simply that "affected labor organizations shall be consulted pursuant to Section 306 of the Act.

Formula Funding Application

Application for Title III formula funding is simple: states must submit a one-page grant application providing very basic information such as the grantee's name and address, the program period and the grant amount. The receipt of formula grant funds is subject to special conditions which include:

- o A requirement that the PIC review local programs prior to implementation, unless the governor has not yet certified a PIC in the given service delivery area; and
- o A limitation on the grant period to one year.

Discretionary Grant Application

Application procedures for Title III discretionary grants require a submission, by the governor, of a grant proposal outlining the following:

- o The unemployment rate for the proposed project area and the state;
- o the need for funds and how the need was determined, including an estimate of the number of eligible individuals;
- o an explanation of why the need cannot be met by existing programs, including Title III formula funds;
- o a description of the activites to be conducted and their costs;
- o expected project results, including number of persons to be placed in unsubsidized employment;
- o a description of the fiscal and management capabilities of the entity which will administer the project; and
- o a plan for coordination with PIC and local chief elected officials.

DOL grant selection criteria will emphasize the severity of the dislocated worker problem, the extent to which the problem is concentrated in a particular area or industry, the management capability of the project administrator, and the cost effectiveness of the plan.

JOB TRAINING PARTNERSHIP ACT

TITLE III—EMPLOYMENT AND TRAINING ASSISTANCE FOR DISLOCATED WORKERS

ALLOCATION OF FUNDS

SEC. 301. (a) From the amount appropriated to carry out this title for any fiscal year, the Secretary may reserve up to 25 percent of such amount for use by the States in accordance with subsection (c).

(b) The Secretary shall allot the remainder of the amount appropriated to carry out this title for any fiscal year among the States as follows:

(1) One-third of the remainder of such amount shall be allotted among the States on the basis of the relative number of unemployed individuals who reside in each State as compared to the total number of unemployed individuals in all the States.

(2) One-third of the remainder of such amount shall be allotted among the States on the basis of the relative excess number of unemployed individuals who reside in each State as compared to the total excess number of unemployed individuals in all the States. For purposes of this paragraph, the term "excess number" means the number which represents unemployed individuals in excess of 4.5 percent of the civilian labor force in the State.

(3) One-third of the remainder of such amount shall be allotted among the States on the basis of the relative number of individuals who have been unemployed for fifteen weeks or more and who reside in each State as compared to the total number of such individuals in all the States.

REGULATIONS

Subpart A—General Provisions

§ 631.1 Scope and purpose.

This part contains the regulations governing programs designed to serve dislocated workers as authorized under Title III of the Act. Programs are operated pursuant to two allotments: (a) at least 75 percent of the funds appropriated for Title III shall be allotted by formula to the Governors; and (b) up to 25 percent of the funds appropriated for Title III may be reserved for distribution to Governors at the Secretary's discretion. Planning, application and other requirements applicable to formula funded programs are set forth in Subpart B of this Part. Requirements applicable to discretionary programs are set forth in Subpart C of this Part. Program design and management requirements applicable to all programs operated under Title III of the Act are set forth in Subpart D of this Part.

Subpart B—Formula Allocated Programs

§ 631.11 General.

(a) The Secretary shall allot at least 75 percent of the funds appropriated for Title III among the States pursuant to the formula in Section 301(b) of the Act.

(b) The allotment for the Virgin Islands, Guam, the Northern Mariana Islands, American Somoa and the Trust Territory of the Pacific Islands shall be based on the following computation: Allotments for these areas, pursuant to Section 201(a) of the Act, as a proportion of total allotments pursuant to Section 201 of the Act, applied to total funds available for allotment, pursuant to Section 301(b) of the Act.

JOB TRAINING PARTNERSHIP ACT

(c) The Secretary shall make available the sums reserved under subsection (a) for the purpose of providing training, retraining, job search assistance, placement, relocation assistance, and other aid (including any activity authorized by section 303) to individuals who are affected by mass layoffs, natural disasters, Federal Government actions (such as relocations of Federal facilities), or who reside in areas of high unemployment or designated enterprise zones. In order to qualify for assistance from funds reserved by the Secretary under subsection (a), a State shall, in accordance with regulations promulgated by the Secretary establishing criteria for awarding assistance from such funds, submit an application identifying the need for such assistance and the types of, and projected results expected from, activities to be conducted with such funds.

REGULATIONS

§ 631.12 State plan.

(a) To receive financial assistance for formula allocated programs under Title III of the Act, the Governor shall include in the Governor's coordination and special services plan, submitted pursuant to Section 121 of the Act, a statement of intent to operate programs in compliance with matching provisions of Section 304 of the Act.

(b) If the Governor has stated, pursuant to paragraph (a) of this section an intent to operate formula allocated programs under Title III and subsequently determines not to operate such programs during the period covered by the Governor's coordination and special services plan, the Governor shall notify the Secretary of such a determination in writing on a timely basis.

Subpart C—Discretionary Program

§ 631.21 General.

Of the funds appropriated for Title III, up to 25 percent may be awarded to Governors submitting applications for such funds based upon selection criteria determined by the Secretary pursuant to the provisions of this subpart.

§ 631.22 Eligibility for funding.

The Secretary shall make available to Governors funds reserved under Section 301(a) of the Act to serve individuals who are affected by mass layoffs, natural disasters, Federal Government actions (such as relocations of Federal facilities), high unemployment areas or designated enterprise zones. These circumstances must be sufficiently severe so that:

(a) The needs cannot be met by other JTPA programs or other State and local programs; and

(b) A substantial number of individuals concentrated in a labor market area or industry is affected.

§ 631.23 Application for funding and selection criteria.

To qualify for consideration for funding under this subpart, Governors shall submit applications to the Secretary pursuant to instructions issued by the Secretary on an annual basis specifying application procedures, selection criteria, and approval process.

JOB TRAINING PARTNERSHIP ACT

(d) The Secretary is authorized to reallot any amount of any allotment to a State to the extent that the Secretary determines that the State will not be able to obligate such amount within one year of allotment.

IDENTIFICATION OF DISLOCATED WORKERS

SEC. 302. (a) Each State is authorized to establish procedures to identify substantial groups of eligible individuals who—

(1) have been terminated or laid-off or who have received a notice of termination or lay-off from employment, are eligible for or have exhausted their entitlement to unemployment compensation, and are unlikely to return to their previous industry or occupation;

(2) have been terminated, or who have received a notice of termination of employment, as a result of any permanent closure of a plant or facility; or

(3) are long-term unemployed and have limited opportunities for employment or reemployment in the same or a similar occupation in the area in which such individuals reside, including any older individuals who may have substantial barriers to employment by reason of age.

(b) The State may provide for the use of the private industry councils established under title I of this Act to assist in making the identification established under subsection (a).

REGULATIONS

§ 631.32 Reallotment of funds based on non-utilization.

(a) The Secretary may reallot any amount of any allotment under this part to the extent that it is determined that the Governor will not be able to obligate such amount within one year of allotment (Sec. 301(d)).

(b) When the Secretary determines that a reallotment from a Governor is appropriate, the Governor and the general public shall be given a notice of the proposed action to remove funds. Such notice shall include specific reasons for the actions being taken and shall invite the Governor and the general public to submit comments on the proposed reallotment of funds. These comments shall be submitted to the Secretary within 30 days from the date of the notice. After considering any comments received, the Secretary shall notify the Governor of any decision to reallot funds.

(c) The procedures set out in this section are in lieu of any other procedures which might otherwise be applicable under the Grievances, Investigations and Hearings provisions in Part 629, Subpart D.

(d) The Secretary may reallot funds using:

(1) The formula allocation described at Subpart B of this Part; or

(2) Procedures established in Subpart C of this Part.

§631.31

(b) Governors shall involve appropriate PICs and local elected officials in planning and providing opportunities for review in accordance with Sections 302 and 305 of the Act.

JOB TRAINING PARTNERSHIP ACT

(c)(1) Whenever a group of eligible individuals is identified under subsection (a), the State, with the assistance of the private industry council, shall determine what, if any, job opportunities exist within the local labor market area or outside the labor market area for which such individuals could be retrained.

(2) The State shall determine whether training opportunities for such employment opportunities exist or could be provided within the local labor market area.

(d) Whenever training opportunities pursuant to subsection (c) are identified, information concerning the opportunities shall be made available to the individuals. The acceptance of training for such opportunities shall be deemed to be acceptance of training with the approval of the State within the meaning of any other provision of Federal law relating to unemployment benefits.

AUTHORIZED ACTIVITIES

SEC. 303. (a) Financial assistance provided to States under this title may be used to assist eligible individuals to obtain unsubsidized employment through training and related employment services which may include, but are not limited to—

(1) job search assistance, including job clubs,

(2) job development,

(3) training in jobs skills for which demand exceeds supply,

(4) supportive services, including commuting assistance and financial and personal counseling,

(5) pre-layoff assistance,

(6) relocation assistance, and

(7) programs conducted in cooperation with employers or labor organizations to provide early intervention in the event of closures of plants or facilities.

(b) Relocation assistance may be provided if the State determines (1) that the individual cannot obtain employment within the individual's commuting area, and (2) that the individual has secured suitable long-duration employment or obtained a bona fide job offer in a relocation area in a State.

REGULATIONS

§ 631.34 Role of Title III training in determining unemployment benefit eligibility.

Whenever training opportunities pursuant to Section 302(c) of the Act are identified, information concerning the opportunities shall be made available to the individuals.

Pursuant to Section 302(d) of the Act, the acceptance of training assisted under Title III shall be deemed to be acceptance of training with the approval of the State within the meaning of any other provision of Federal law relating to unemployment benefits.

Subpart D—Program Design and Management

§ 631.31 Allowable activities, coordination and consultation, planning and review.

(a) Allowable activities are specified in Section 303 of the Act. They shall be coordinated with other programs in accordance with Section 308 of the Act.

JOB TRAINING PARTNERSHIP ACT

MATCHING REQUIREMENT

SEC. 304. (a)(1) In order to qualify for financial assistance under this title, a State shall demonstrate, to the satisfaction of the Secretary, that it will expend for purposes of services assisted under this title, an amount from public or private non-Federal sources equal to the amount made available to that State under section 301(b).

(2) Whenever the average rate of unemployment for a State is higher than the average rate of unemployment for all States, the non-Federal matching funds described in paragraph (1) required to be provided by such State for that fiscal year shall be reduced by 10 percent for each 1 percent, or portion thereof, by which the average rate of unemployment for that State is greater than the average rate of unemployment for all States.

(3) The Secretary shall determine the average rate of unemployment for a State and the average rate of unemployment for all States for each fiscal year on the basis of the most recent twelve-month period prior to that fiscal year.

(b)(1) Such non-Federal matching funds shall include the direct cost of employment or training services under this title provided by State or local programs (such as vocational education), private nonprofit organizations, or private for-profit employers.

(2) Funds expended from a State fund to provide unemployment insurance benefits to an eligible individual for purposes of this title and who is enrolled in a program of training or retraining under this title may be credited for up to 50 percent of the funds required to be expended from non-Federal sources as required by this section.

PROGRAM REVIEW

SEC. 305. Except for programs of assistance operated on a statewide or industry-wide basis, no program of assistance conducted with funds made available under this title may be operated within any service delivery area without a 30-day period for review and recommendation by the private industry council and appropriate chief elected official or officials for such area. The State shall consider the recommendation of such private industry council and chief elected official or officials before granting final approval of such program, and in the event final approval is granted contrary to such recommendation, the State shall provide the reasons therefor in writing to the appropriate private industry council and chief elected official or officials.

CONSULTATION WITH LABOR ORGANIZATIONS

SEC. 306. Any assistance program conducted with funds made available under this title which will provide services to a substantial number of members of a labor organization shall be established only after full consultation with such labor organization.

REGULATIONS

§ 631.14 Matching funds.

To qualify for financial assistance under Title III of the Act, the Governor shall provide matching funds pursuant to Section 304 of the Act as defined at § 629.40 of these regulations.

§ 629.40 Matching funds.

The Governor shall define and assure the provision of adequate resources to meet the matching requirements of Sections 123(b) and 304 of the Act.

§631.31

(b) Governors shall involve appropriate PICs and local elected officials in planning and providing opportunities for review in accordance with Sections 302 and 305 of the Act.

§631.31(a)

Affected labor organizations shall be consulted pursuant to Section 306 of the Act.

JOB TRAINING PARTNERSHIP ACT

LIMITATIONS

SEC. 307. (a) Except as provided in subsection (b), there shall be available for supportive services, wages, allowances, stipends, and costs of administration, not more than 30 percent of the Federal funds available under this title in each State.

(b) The funds to which the limitation described in subsection (a) applies shall not include the funds referred to in section 301(a). In no event shall such limitation apply to more than 50 percent of the total amount of Federal and non-Federal funds available to a program.

STATE PLANS; COORDINATION WITH OTHER PROGRAMS

SEC. 308. Any State which desires to receive financial assistance under this title shall submit to the Secretary a plan for the use of such assistance which shall include appropriate provisions for the coordination of programs conducted with such assistance with low-income weatherization and other energy conservation programs, and social services in accordance with the provisions of section 121.

REGULATIONS

§ 631.13 Limitations on use of funds.

(a) Subject to paragraph (b) of this section no more than 15 percent of the funds allotted pursuant to Section 301(b) of the Act may be used for administrative costs. In addition, the total of administrative costs and participant support costs may not exceed 30 percent (Sec. 307(a)).

(b) These limitations apply to that amount of Federal funds which is equivalent to no more than 50 percent of the total combined amount of Federal and non-Federal funds allotted to the formula funded State programs (Sec. 307(b)).

Subpart D—Program Design and Management

§ 631.31 Allowable activities, coordination and consultation, planning and review.

(a) Allowable activities are specified in Section 303 of the Act. They shall be coordinated with other programs in accordance with Section 308 of the Act. Affected labor organizations shall be consulted pursuant to Section 306 of the Act.

§ 631.33 Reporting requirements.

The reporting requirements in § 629.36 apply to programs operated under this Part, except that the Secretary may establish special requirements for discretionary programs operated under Subpart C of this Part as part of the annual announcement of fund availability and selection criteria.

APPENDIX B SOURCES OF PLANT CLOSING AND LABOR MARKET DATA

Private Sources of Information

The Data Center's Plant Shutdowns Monitor is a monthly newsclipping service which draws on 150 newspaper and magazines nationwide. Each issue begins with an abstracted printout of all shutdowns, layoffs and benefits cutbacks encountered in their search during the previous month. This list includes the company's name, location, industry, number of workers affected and comments on the cited cause or nature of the event, if known. This is followed by 50 pages of selected xeroxed clippings grouped under: economic conditions, industrial conditions, shutdowns, layoffs and analysis. For 50 cents each, one can order any listed clipping not reprinted in the xeroxed section. They also publish a 550 (or condensed 100) page set of reproduced articles on plant closing issues written in the last 5 to 10 years, and can compile a custom set of clippings from any one state or region. For more information, contact: The Data Center, 464 19th Street, Oakland, CA 94612, (415) 835-4692.

The Bureau of National Affairs maintains several "labor data bases" which they use to derive aggregated regional statistics on layoffs by each industry for their quarterly Report on Layoffs, Plant Closings, and Concession Bargaining. For a fee ($50.00 and up), they will run off non-aggregated data on any state or region; however, because the data base is compiled by monitoring various trade journals, it should not be relied upon for comprehensive statistical analysis. In addition, the entire BNA data base can be searched in almost any fashion: (1) by company name, (2) by international or local union, (3) by industry, (4) by geographic area, (5) by size of bargaining unit, and/or (6) by any combination of these identifiers.

Each quarterly report costs $10.00 (the third quarter of 1982 is now available) from: BNA Distribution and Customer Service Center, 9401 Decoverly Hall Road, Rockville, MD 20854. Inquiries on the computerized data base should be sent to: Research and Special Projects Division, BNA Inc., 1231 25th St. N.W. Washington, D.C. 20037, (202) 452-4323.

The Site Report is a bi-monthly printout of newly located or expanded plant facilities in the U.S. Though marketed primarily to industrial suppliers and area developers, it can help paint a broader picture by supplementing research on where plants are closing with data on where they are opening.

Each bi-monthly report lists over 500 new industrial plant expansions, arranged by state and including the company's name, the new location, product or SIC code, amount of the investment, anticipated number of employees, square footage and acreage and the current stage of the development. Each issue is prefaced with an in-depth look at several major location decisions. The publisher also sells a detailed roster of 5,000

and acreage and the current stage of the development. Each issue is prefaced with an in-depth look at several major location decisions. The publisher also sells a detailed roster of 5,000 growth firms likely to be in the market for new plant sites. The Report costs $50 a year for coverage of the entire nation, $125.00 for one region, or $50.00 per state. The roster costs $600. Contact: Conway Publications, Inc., 1954 Airport Road, N.E., Atlanta, GA 30341.

Dun and Bradstreet's DMI files could be used as a supplemental resource for more rigorous plant closings research. The files are very complete now and can be used to examine the roles of firm births, deaths, expansions and closings in generating and losing employment in a state. By themselves, however, the files are slightly misleading; they do not distinguish among plant closings, discontinuances in reporting, changes in corporate ownership and so on. For information on their progress, contact: Office of Advocacy, Small Business Administration, 1441 L Street., N.W., Washington, D.C. 20416, (202) 634-7550.

Government Resources

State officials who wish to map out larger economic trends should first go to the U.S. Department of Commerce. Every December the Department releases Industrial Outlook, outlining historical data on industrial trends and one year and five year projections for growth of 100 manufacturing and service industries. The report is a compilation of special reports on each industry prepared by specialists.

Although the information is not broken down by state, the top five producing states are listed for each industry. No information is given on the occupational profile of employees in each industry, but it is possible to get a general idea of how labor-intensive an industry is by looking at the trends and projections table for that industry. The table provides, among other things, historical data and projects the number of production workers in the industry and the level of output.

The staff of the Bureau which produces the report is also an excellent technical resource. For more information, contact: Editor, Industrial Outlook, Room 4424, Bureau of Industrial Economics, U.S. Department of Commerce, Washington, D.C. 20230, (202) 377-4356.

The Employment Service 235 Reports on Mass Layoffs have potential for statistical analysis. However, at present, the quality of the data collection varies tremendously from state to state. Unfortunately, even if the reporting procedures are improved, the data are not timely enough for some purposes.

State employment security agencies use the data collected by local districts to anticipate outflows in assistance payments, and then pass it on the the Employment and Training Administration of the Department of Labor in Washington. The U.S. Employment Service makes summaries of data by occupation, industry and state available to its regional offices each month. And the Office of Labor Information Analysis in the U.S. Employment Service may provide data for researchers in connection with specific programs if it does not compromise the confidentiality of the reports by revealing facts about individual firms.

The 235 reports are supposedly filed by district employment representatives for every new layoff of 25 people or more that is caused by energy, imports or environmental factors, and for all other layoffs of 100 or more workers. The districts are also supposed to send in status reports, giving information on any changes related to layoff reports -- expansion of layoffs or recalls. But when the U.S. Employment Service compares the 235 reports of layoffs to month-to-month changes in total layoffs as measured by the Current Population Survey, it appears that the 235 reports are capturing only 5-10 percent of new layoffs. In addition, there is no way to determine the nature of the bias of 235 report information. Therefore, the Job Service cautions against relying on the data for planning economic adjustment programs. (However, states can improve the data collection, especially since the Job Training Partnership Act calls for improved labor market information and increased coordination between the Employment Service and state employment strategies.)

Fortunately, the recent Job Training Partnership Act also includes provisions to improve the 235 reporting system and publish aggregate data from it each year, starting sometime in FY 1984. This data will be organized geographically and sectorally. For more information, contact: Office of Labor Information Analysis, U.S. Employment Service, 601 D St., N.W., Room 8018, Washington, D.C. 20213, (202) 376-6700.

State governments experienced in doing industry studies and developing plant closing data banks, are drawing upon two other resources: Employment Security 202 reports and the Occupational Employment Statistics of the Bureau of Labor Statistics.

The quarterly state E.S. 202 report is a summation of individual employer accounts which states use in handling the Unemployment Insurance system. All employers are required to report regularly payroll and employment levels for U.I. functions.

Thus, the "individual reporting units" are roughly equivalent to "establishments." Comparing consecutive raw reports would make it possible to estimate the changes in employment for each reporting unit; if a plant shuts down, its reporting unit would probably disappear altogether. Be careful to check out findings from these data. Drastic changes in employment do not necessarily mean layoffs. First, the data are not seasonally adjusted so large seasonal changes will show up. Second, the SIC codes for firms are sometimes reclassified, thereby moving employment figures from one category to another.

(Given the firm level nature of the data, it is confidential and is used by state agencies only in an in-house fashion.)

Data for individual reporting units is compiled by the state agencies and submitted to the Bureau of Labor Statistics. The BLS will make computer tapes of the E.S. 202 data available to the public at a cost. The data can be then disaggregated by geographic designation (national, state, county), by industry at the 4-digit SIC code at the county level for most states and at the state level for all, and by type of ownership--private, government (federal, state, local), or international. However, data for a particular SIC code is subject to nondisclosure if one company in that industry accounts for 80 percent or more of employment in that county or state or if there are fewer than three firms in an SIC code at the geographic level in question.

Beginning in the fall of 1983, the BLS will publish this information in a magazine/journal format. Data will be available by 2-digit SIC codes at the state level and 4-digit at the national level on a quarterly basis. An annual publication will provide data by 4-digit SIC codes at the state level.

The 202 reports provide monthly information on total employment during the payroll period that includes the 12th of the month, and quarterly data on wages. Therefore, comparing monthly data should give some indication of net job loss in an industry in a particular state or county (including layoffs). However, it is impossible to tell from publicly available data whether net job loss is due to layoffs at a number of firms or a complete shutdown of one or a few. In addition, new hires could, at least partially, cancel out layoffs, making the net job loss appear smaller in the aggregate data. However, the data is still very helpful. Further information on the E.S. 202 data can be obtained from: Industry Employment Section, U.S. Bureau of Labor Statistics, 441 G Street, N.W., Washington, D.C. 20212, (202) 523-1297.

The Census Bureau collects information on layoffs as part of

the monthly Current Population Survey. This gathers data on employment and unemployment from 60,000 households with a door to door survey. Among other things, the survey looks at reasons for unemployment; layoffs are one possible explanation. Seasonally adjusted figures for numbers of the jobless due to layoffs are published on a monthly basis in Table A40 of Employment and Earnings, and Table A8 of the BLS Employment Situation Press Release. The former gives some detail on the age, race and sex of the laid off workers, but the latter provides a source of quick reference for comparison over time-tables including seasonally adjusted figures for the most recent five months and the corresponding figure one year earlier.

Because the unemployment statistics are estimated based on a sample survey, the monthly data on layoffs by state are not reliable -- the sample is just too small to get a good estimate.

Annual averages of persons unemployed due to layoffs are broken down by state in the BLS Geographic Profile of Employment and Unemployment. But there is a long time lag involved in computing these figures and making them available. For example, the 1982 Geographic Profile will not be published until mid-summer of 1983. However, selected 1982 information became available from BLS in April, either by phone or by mail.

Finally, Occupational Employment Statistics (OES) are collected as part of an employer-based survey administered by the Bureau of Labor Statistics and State Employment Security agencies. The OES data provide an occupational profile by industry at the 2 or 3 digit SIC code level (depending on the state). Occupational employment projections also exist, but the nature of this data depends on the state in question. Contact your State Employment Security Agency for more information on OES data.